

Renault confident plant closure will go ahead

By Haig Simonian,
Motor Industry
Correspondent

Renault, the French vehicles group embroiled in a political storm over the closure of its car plant at Vilvoorde in Belgium, remains confident the move will go ahead, in spite of rejection by one union group yesterday.

Members of the Socialist union, which has been most vociferously opposed to closure, said the severance terms were too meagre and planned to put forward alternatives on Monday.

However, Renault officials said they were confident the

plan would go ahead. The company still has to secure the agreement of white collar workers at the plant, which employs 3,100 people.

Renault has been fiercely criticised by the Belgian authorities and the new French government. However, Mr Louis Schweitzer, chairman, said in an interview the French government's emphasis on job creation would not limit Renault's freedom of manoeuvre.

"It has reopened a subject. But the end story is that we did what we said we would do," he said.

Mr Schweitzer said he did

not envisage the need for any further measures on the scale of the Vilvoorde closure for Renault to staunch its losses, which amounted to FF15.25bn (\$900m) last year. "I think today we have something which is fairly efficient. I do not foresee major restructuring."

Mr Schweitzer made his forecast in spite of the fall of almost 31 per cent in French new car sales last month, compared with the previous year. He warned that sales in July, August and September would be dramatically lower compared with last year, when registrations were boosted by the immi-

nent termination of a special incentive programme.

Mr Schweitzer said the deterioration in demand had forced Renault to downgrade its forecast for the full year to about 1.8m vehicles.

Analysts believe Renault should be able to contain the Vilvoorde costs broadly within the FF2.8bn allocated, in spite of having to improve its redundancy terms and maintain limited employment at the plant. However, yesterday's rejection by the union and the continuing need to secure agreement from white collar workers means the costs could still exceed its target.



Louis Schweitzer: "We did what we said we would do."

Brussels kept quiet on illicit beef cargoes

By Sander Thoenes in
Brussels and Barbara Smith in
Amsterdam

The European Commission yesterday admitted that it kept quiet for nearly two months about UK beef being smuggled to the Netherlands.

Dutch authorities told the Commission in May that they had confiscated 700 tons of British beef during an investigation into an international smuggling operation involving at least 1,600 tons of UK beef sent to the Netherlands and on to Egypt and Russia.

The shipments carried labels indicating Belgian origin to evade the EU's worldwide ban on exports of British beef, imposed as a result of the "mad cow disease" crisis. The ban was imposed 16 months ago after disclosure of a possible link between the disease, BSE, and a fatal human brain disease.

Despite a pledge to provide more information to consumers on its handling of the crisis, the Brussels executive said it had stayed silent until Wednesday for fear of jeopardising police investigations in the UK, Belgium and the Netherlands.

It decided to speak out only when information had been leaked to members of the European Parliament, the Commission said, adding that Dutch investigators had criticised the Commission for speaking out early.

Egypt yesterday banned imports of beef from Belgium, on the grounds that

the illicit shipments had been labelled as Belgian meat. It had sent back 200 tons of UK beef back to the Netherlands where it was confiscated in June. The Commission estimates that another 700 tons may have reached the Russian market.

On Thursday Belgian and Commission officials raided Traxeg-Gel and Lefevre, two former National Assembly members, over the shipment. The officials found no suspect beef but confiscated company documents.

The commission of British meat is presumed to have been free from the BSE virus but the smuggling was taken to indicate that the UK had failed to uphold the export ban, giving rise to fears that contaminated meat may be on the market as well.

Mr Dirk De Soete, work co-ordinator at the Traxeg-Gel meat processing shop, denied knowing that the beef was British and said he would challenge the confiscation of his shipment in a Dutch court on Tuesday.

Belgian court officials said Mr De Soete was convicted last week of firing a gun at the home of a veterinarian who had been investigating illegal trafficking of cow hormones.

Belgian police are investigating widespread fraud on compensation for exports of poor-quality meat to countries outside the EU. Such subsidies amount to about Ecu900 (\$1,017) per ton of meat, according to the Commission.

Euro-sceptic Séguin must unify Gaullists

David Owen reports on the new leader's hopes of wooing back centre-right defectors

It is about a month since Mr Philippe Séguin, France's best-known Euro-sceptic, predicted a knife-fight at the heart of the Gaullist RPR party in the wake of its catastrophic general election defeat.

However the knife-fight has turned into a cake-walk for the mayor of the eastern French town of Epinal and former National Assembly member. Barring the unexpected, Mr Séguin will take over as president of the RPR on Sunday in succession to Mr Alain Juppé, the former prime minister. Mr Séguin, 54, already leads the much diminished RPR group in the National Assembly.

The centre-right has seen its parliamentary representation cut nearly in half and has as its figurehead a president - Jacques Chirac - whose political credibility is in tatters following his blunder in calling an early poll.

Mr Séguin, who led the "No" campaign in France's 1992 referendum on the European Union's Maastricht treaty, accordingly faces a monumental task in rebuilding a fractured and divided party left shattered by its unexpected defeat.

Among the first jobs facing this chain-smoking former social affairs and employment minister will be getting the leading lights of the party to work together after an extended period when they have too often appeared to be at each other's throats.

"We must forget our grudges, our bitterness, our

ulterior motives," he said at a recent meeting of RPR militants in Marseille. "Our movement must patch things up with itself, open itself to others and renovate itself profoundly."

Effecting this sort of reconciliation will not be easy for a man not known as a natural conciliator. But only if he can restore the party's cohesiveness will he be placed to turn the slightly ponderous popular touch he displayed in the recent general election campaign most effectively to the task of wooing back supporters.

Reconciliation will not be easy for a man not known as a conciliator

What hurt the centre-right's fortunes above all was an upturn in support for the far-right National Front, putting Mr Jean-Marie Le Pen's party into the second round ballots in almost a quarter of France's 577 constituencies. In many cases, this divided rightwing support and allowed a Socialist or Communist candidate to win with a comparatively low share of the vote.

A further priority for Mr Séguin will therefore be to coax back to the RPR fold some of the Gaullists who switched to the National Front.

Here, his simply expressed

but deeply thought-out Euro-scepticism, his unwavering focus on jobs and his ruffled but reassuring air - a world away from the technocratic aloofness of Mr Juppé - should prove powerful weapons.

Confusingly, the policies of the man who will be France's principal opposition leader are very close in many respects to those of the Socialist prime minister, Mr Lionel Jospin.

Both want Brussels to focus more on jobs and less on dry monetarist economics, although Mr Séguin's Euro-scepticism is more full-blooded; both favour financing France's generous social security system in a way that penalises jobs less; both are against the so-called "cumul de mandats", allowing French politicians to occupy jobs at different levels of government at the same time.

But early indications are that this will only serve to make rhetorical exchanges between the two men all the sharper. Mr Séguin was certainly quick to lambast the prime minister last weekend after confirmation that the Belgian assembly plant of Renault the partly state-owned carmaker, is to close.

"We needed less than a month for Mr Jospin to lose the right to give morality lessons to the whole world," he said. "We needed less than a month for this legend of the prime minister who said what he did and did what he said to disappear for ever."

Haughey faces probe of his finances

By John Murray Brown

Mr Charles Haughey, the former Fianna Fail prime minister who is considered largely responsible for having laid the foundations in the late 1980s for Ireland's current economic success, is set to appear before a government tribunal next week to answer questions about his own personal finances.

The story involves bank accounts in Dublin, London and the Cayman Islands and apparently no-strings-attached payments by one of Ireland's richest men - Mr Ben Dunne, heir to a stores group, a playboy ousted from the board of the family business in the early 1990s and later convicted for possession of cocaine after being arrested in a Florida hotel.

The tribunal into political donations, set up by the outgoing Fine Gael-led coalition, is due to hear Mr Haughey's account of how he came to be the beneficiary of a £1.5m personal donation when he was prime minister in early 1993.

On Monday, Mr Haughey's lawyers said that "in all probability" he was the ultimate beneficiary of the money, although to the astonishment of those at the hearing, he was said to be unaware of the source.

Ironically, the tribunal was only called after Fianna Fail, then in opposition, demanded an investigation into allegations of payments to Mr Michael Lowry, a Fine Gael minister, who subsequently resigned. It was alleged that he received £200,000 which was used to extend his Tipperary mansion - without planning permission.

When it then emerged that Mr Dunne had made a much larger payment to an unnamed Fianna Fail politician, all eyes turned to Mr Haughey, who has long displayed a taste for the good life, with a mansion in county Dublin, and an island off the Kerry coast.

The tribunal's first inquiries seemed to get nowhere. They unearthed bank documents with the name C.J. Haughey, which turned out to be Mr Haughey's son. His solicitors continued to deny he had received any payments.

Ahead of the general election, there was a report of an emergency meeting with Mr Bertie Ahern, the current Fianna Fail leader, at Mr Haughey's home. The discovery could still prove embarrassing for Mr Ahern, the prime minister, although he was quick to issue a warning to any current party members involved in sleaze allegations.

The breakthrough came when the tribunal was suspended for the election campaign. During that period, investigators were despatched around the globe to trace the money trail, which was to lead via the Cayman Islands to three accounts in Dublin at the merchant bank Guinness Mahon. The small privately owned Anglo-Saxon Bank now controlled by Anglo Irish Bank and Barclays Bank.

To date, Mr Haughey has remained silent.

Few have dared probe the personal finances of Mr Haughey, who from a modest background as the son of an army officer, practised as an accountant before becoming a politician. But next week, the Irish may be a little wiser as to the finances of their favourite politician.

INTERNATIONAL NEWS DIGEST

Yeltsin causes embarrassment

Embarrassed Kremlin officials were yesterday forced to admit that comments reportedly made by Russia's President Boris Yeltsin did "not correspond to reality". Mr Yeltsin did not, it seems, mean to say he would ask federal employees, as he was earlier reported as saying by the official Itar-Tass news agency.

This bizarre communications glitch came in spite of the recent appointment of Mr Yeltsin's daughter, Tatyana, as official adviser on the president's image. Itar-Tass carried the "correction" with no comment. Mr Yeltsin, 66, has made a startling recovery from health problems earlier in the year but has not entirely shed his reputation for erratic behaviour since his return to the Kremlin.

At a meeting with regional leaders, Mr Yeltsin appeared to get carried away by his enthusiasm to pay off the government's arrears to federal employees, such as doctors and teachers. "Let's pay off our debts to the social sector by October 1," the boisterous Mr Yeltsin said. "Let's appeal to foreign leaders" - a comment excised in later television coverage of the event. Mr Anatoly Chubais, first deputy prime minister, who has already performed a minor miracle by paying off the government's arrears to pensioners by July 1 visibly blanched at the new deadline.

Mr Yeltsin promised better times ahead, saying the economic "tide had turned". John Thornhill, Moscow

Fresh sentence for Tapie

Mr Bernard Tapie, the French businessman and former politician, was yesterday condemned to three years' imprisonment in relation to charges of mismanagement of the football team Olympique Marseille.

A Marseille court ordered him and 17 other co-defendants to pay FF39m (\$15.3m) in relation to financial transactions connected to the club that took place between 1989 and 1993. Mr Tapie, who is already serving a prison sentence on football match-fixing charges, said he would appeal against the judgment.

The Paris appeals court yesterday crushed the controversial legal proceedings launched against Mr Jean Tiberi, the mayor of Paris, his wife Xaviere and Mr Xavier Dugoin, head of the Essonne local council. All three had been placed under formal investigation in relation to the payment of FF200,000 from Essonne to Mrs Tiberi for writing a report on decentralisation. Andrew Jack, Paris

New arrest in Tokyo probe

Japan's corporate scandals claimed a new victim yesterday when Mr Tadashi Okuda, former chairman of Dai-ichi Kangyo bank, was arrested. He is suspected of having been involved in extending loans to *sokaiya*, corporate racketeers who traditionally demand money from companies.

Mr Okuda, who was DKB chairman until last month, was questioned by police last week, together with another former DKB chairman, Mr Kuniji Miyazaki. After the questioning, Mr Miyazaki committed suicide. His death has shocked corporate Japan and provoked speculation that the implications of the scandal may be wider and more serious than previously thought. Mr Okuda's arrest brings the total number of former DKB executives arrested over the affair to around a dozen.

Nomura, Japan's largest securities company, is also alleged to have had financial links with the *sokaiya*. Several Nomura officials have been arrested and its former president, Mr Hideo Sakamaki, has also been indicted. Gillian Tett, Tokyo

Promotion for 'Mr Yen'

Mr Eisuke Sakakibara, a senior Japanese government figure known as "Mr Yen" in the markets, will be promoted later this month, it emerged yesterday. Mr Sakakibara, who is perceived to have the main responsibility for the government's foreign exchange policy, will become vice minister for international affairs.

In this position he will be Japan's foremost financial diplomat but is expected to retain influence over foreign exchange policy. Consequently, his promotion is seen as a sign of approval for his success in steering the yen over the last year and a signal that Japan's current exchange rate policies will be maintained.

Mr Sakakibara is at present director general of the Ministry of Finance's international finance bureau. The recent surge in the yen against the dollar from its level of ¥127 at the end of April is widely believed to have triggered by public and covert intervention by Mr Sakakibara. He also played a crucial role in the government's decision to remove remaining foreign exchange restrictions next April. This step is believed to be the main trigger for the broader "big bang" financial deregulation programme. Gillian Tett, Tokyo

German tax reform setback

Germany's opposition-dominated upper house of parliament, the Bundesrat, yesterday rejected the government's plan to reform the country's tax system. The tax reforms for 1998 and 1999 were both rejected, with the Bundesrat stating "the laws are fiscally unsound, socially imbalanced and economically off target".

The finance minister, Mr Theo Waigel, appealed to legislators to put an end to the opposition's "blockade" policy and permit the reforms to become law. The rejected reforms will now go to a parliamentary mediation committee to hammer out a compromise between the governing coalition and the opposition.

The tax reform proposals include a reduction in tax on corporate profit to 38 per cent from 40 per cent, lower taxation on private income to between 15 per cent and 39 per cent, from a range of 35.9 per cent to 58 per cent, and a reduction of the withholding tax on dividends to 10 per cent from 25 per cent. AP-DJ, Bonn

Israel warns protesters

Israel warned Palestinian protesters in the West Bank town of Hebron that it would shoot to kill, after troops opened fire yesterday, injuring 18 demonstrators. One Palestinian boy was seriously injured when he was hit in the head by a rubber-coated bullet and another was shot in the leg by a real bullet, witnesses said.

The commander of Israeli forces in the West Bank, General Gabi Ofir, reiterated warnings that sterner action would be taken to quell three weeks of bloody clashes in Hebron, which have left 230 Palestinian protesters wounded. "Those who throw explosive devices to kill must understand that they will die, because those are the shooting orders," he said in a radio interview.

The demonstrators were angered by a poster depicting the Moslem prophet Mohammed as a pig. A Jewish extremist, Tsitana Sosskind, 25, is in Israeli police custody after admitting plastering Arab shops in Hebron with the offending poster a week ago. AFP, Jerusalem

Italian inflation declines

Italy's headline inflation fell in June to a new year-on-year low of 1.4 per cent compared with the previous month's 1.6 per cent, according to Istat, the national statistics agency.

The continuing fall in inflation prompted the Bank of Italy to cut the discount rate 50 basis points to 6.25 per cent at the end of last month on the announcement of preliminary consumer price data for June. Inflation has been on a downward trend since the November 1995 peak of an annualised 6 per cent. But most economists predict it has now reached its lowest level and will begin to rise moderately as of this month. Robert Graham, Rome

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For further information,
please contact:
Bill Castle
Tel: +44 171 873 3760
Fax: +44 171 873 3062
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Tel: +44 171 873 3238
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Prices for electricity generated by the power stations of the electricity generating companies in England and Wales						
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0.00	£/MWh	11.01	£/MWh	11.01	£/MWh	11.01
0.00	£/MWh	11.01	£/MWh	11.01	£/MWh	11.01
0.00	£/MWh	11.01	£/MWh	11.01	£/MWh	11.01
0.00	£/MWh	11.01	£/MWh	11.01	£/MWh	11.01
0.00	£/MWh	11.01	£/MWh	11.01	£/MWh	11.01
0.00	£/MWh	11.01	£/MWh	11.01	£/MWh	11.01
0.00	£/MWh	11.01	£/MWh	11.01	£/MWh	11.01
0.00	£/MWh	11.01	£/MWh	11.01	£/MWh	11.01
0.00	£/MWh	11.01	£/MWh	11.01	£/MWh	11.01
0.00	£/MWh	11.01	£/MWh	11.01	£/MWh	11.01
0.00	£/MWh	11.01	£/MWh	11.01	£/MWh	11.01
0.00	£/MWh	11.01	£/MWh	11.01	£/MWh	11.01
0.00	£/MWh	11.01	£/MWh	11.01	£/MWh	11.01
0.00	£/MWh	11.01	£/MWh	11.01	£/MWh	11.01
0.00	£/MWh	11.01	£/MWh	11.01	£/MWh	11.01
0.00	£/MWh	11.01	£/MWh	11.01	£/MWh	11.01
0.00	£/MWh					

Shake-up in Guatemala military posts

By Joanna Tuckman
in Guatemala City

Guatemala's President Alvaro Arzu has sacked General Julio Balconi, his minister of defence, in a sudden reshuffle of the top military brass. General Sergio Camargo has been removed as head of the military high command and a government spokesman left open the possibility of further changes in lesser positions.

The government is playing down the significance of the reshuffle - revealed late on Thursday night. But the shake-up has changed the face of the military authorities

charged with implementing the demilitarisation commitments contained in a peace treaty signed with leftwing rebels in December. "This is the end of the generation of the negotiations," said Mr Hector Rosada, a military observer and former government peace negotiator.

Gen Balconi's appointment in January 1996 was seen as a victory for the pro-peace wing of the military and his command coincided with the rapid acceleration of the talks with the rebels.

According to local analysts, the positioning of Gen Camargo as second-in-command was a reflection of

the influence that the harder line retained. In the post-war era, the competition between the two wings has reportedly focused on control of the transformations in the army demanded by the peace treaty.

"The power struggle between Balconi and Camargo had got sharper in recent months over the details of military modernisation and so the most logical thing was to get rid of them both at the same time," said one expert in military affairs.

But analysts disagree on how to interpret the promotion of General Hector Barrios Celada to minister

of defence. Until yesterday, he was the head of the country's largest brigade.

Although associated with Camargo, Gen Barrios is not considered a die-hard hardliner.

The transfer of General Marco Tulio Espinoza from the head of the military presidency guard to chief of the high command is similarly ambiguous, as - despite lacking combat experience - he is also linked to Gen Camargo.

But Mr Rosada refutes that the sudden reshuffle bodes ill for peace.

"The treaty is a given, the military professionalisation foreseen is

advantageous rather than damaging to the army," he said.

He points out that a shake-up opening the way for younger officers was always on the cards.

He considers that it was brought forward because of discontent unleashed by the presence of former rebel leaders on the review platform during the national army day parade last Monday.

"The decision to invite the rebels was a lack of maturity... It was a provocation that they should have anticipated but they forgot the deep-rooted hatred," he said.

Online book sellers shake up US market

The Book-of-the-Month Club conjures the quaint image of a Tom Clancy hardback slipping into the mail box of a mid-western clapperboard house, but this week the 71-year-old institution went online.

The launch of bomc.com, a web site where readers all over the world can choose from 2,400 titles, follows a few months after BarnesandNoble.com, the online arm of Barnes & Noble, one of the largest US bookselling chains.

Until recently, digital bookselling was the province of specialists, such as Amazon.com in the US, and the UK's Internet Bookshop. The arrival of Book-of-the-Month and Barnes & Noble affirms the growing importance of the online market. But they have entered a fiercely competitive sector, which threatens to destabilise the traditional book business.

For readers, there are obvious advantages to buying books online. A web site is free from the space constraints of traditional stores, which enables them to carry larger stocks, including obscure titles that have been deleted by booksellers.

Barnes & Noble stocks titles on its web site, against 170,000 in its larger stores, which can order other books from a central warehouse. Amazon, whose founder, Mr Jeff Bezos, a former fund manager, deliberately located it near the US's biggest book warehouse in Seattle, claims to stock 2.5m titles, including 1m out of print ones.

By saving the money retailers spend on maintaining their stores, online booksellers can also offer substantial discounts.

Barnes, already an aggressive discounteer at its stores, opened fire in February by announcing that its forthcoming web site would offer 30 per cent discounts on hardbacks and 20 per cent on paperbacks. Amazon retaliated by raising its discounts from 10 per cent off most titles to 30 per cent for hardbacks, 20 per cent for paperbacks and 40 per cent off 500 best sellers.

Mason & Dixon, the new Thomas Pynchon novel, costs \$16.50 at Amazon and \$19.25 at the BarnesandNoble.com, against a retail price of \$27.50. Anyone living in the US could have the book delivered in a week from the

Barnes site, save \$4.30 after paying \$3.95 postage. For readers outside the US, the benefits of buying books online are even greater. First, prices are lower in the US. Mason & Dixon retails at \$16.99 (\$28.55) in the UK, slightly less than the \$28.20 (including \$8.95 postage) it costs to import it from BarnesandNoble.com.

Second, the US sites offer access to new titles when they come out in North America, often several months before publication elsewhere. Paul Auster fans will be able to buy his new novel, *Houdini*, from a US web site in September, two months before its UK release.

At present, the digital sales are too small to have a dramatic effect on the traditional book trade. Even Amazon, which claims to be the largest internet bookseller, only sold \$18m-worth of books last year, when it had a reported accumulated deficit of \$9m.

However, Wall Street is so confident about Amazon's prospects that its share price has soared from \$5 to \$55 from \$18 at its May flotation, valuing the company at \$300m. Meanwhile, the online debuts of Book-of-the-Month and Barnes & Noble, affirm that established booksellers are taking the online market seriously.

Over the long term, the online market should offer an opportunity for booksellers to nurture a lucrative new business. But the price war is already eroding profitability, and this problem could worsen if the discounting spreads to book stores. Moreover, as internet access increases, online retailers may take sales from the traditional book trade which, in the US, is already squeezed by the expansion of Barnes & Noble and other chains, notably Borders.

Elsewhere, the prospect of consumers importing cheap books from US web sites has implications for pricing and publication schedules, given that publishers prefer to stagger release dates so authors can publicise their books in different countries. But, in the meantime, any reasonably computer literate book lover can make the most of the online bargains.

Alice Rawsthorn



Lebanese children raise flat bread during a 2,000-strong protest rally in Baalbek at which Sheikh Sobhi Tufaili, a local religious leader, called for civil disobedience against the government because of poverty in the Bekaa valley. The region has suffered since the end of the 1975-90 civil war because of a crackdown on illegal drug crops.

Japan's schools under fire as teenager admits killing

Brutal crime stirs doubts over nation's education system, reports Gwen Robinson

In any Japanese city, it is common to see small children, sometimes as young as five or six, on trains and walking the streets unaccompanied.

Such trust in the safety of what Japanese critics have dubbed "the nanny state" was shattered, however, in late May, when residents in the port city of Kobe discovered the severed and mutilated head of Jun Hase, a mentally-retarded 11-year-old boy, at the gates of a junior high school. A crudely-penned note stuffed in the mouth of the decapitated head warned this was "the beginning of a game" that would claim more victims.

In the weeks leading up to the murder, mangled corpses of birds and cats, including new-born kittens, had been appearing in the vicinity. In February and March, other young children in the area had been brutally attacked. One girl died after being hit about the head with a large metal mallet, while the other was in hospital in a critical condition after being slashed with a knife.

Last weekend, the public's fear of a suspected serial killer, male and aged 30 to 40, turned into unadulterated horror and national angst when a 14-year-old boy

was arrested and charged with the killing. The boy, who attended the school where the head was left, reportedly told police he had longed for the sensation of beheading someone.

He and his two brothers had often played with Jun, whose grandfather lived nearby. The boy allegedly lured Jun to a remote hill, strangled him, mutilated the body and sawed off his head. He then took the head home in a bag and sneaked out at dawn the next morning to deposit the head at the school gates.

Interviews with neighbours and the boy's classmates described the killer as "an unobtrusive and quiet student", the oldest of three children in an "ordinary family", who often helped neighbours and lent video games to other children.

But the picture which has slowly emerged from the boy's confessions and police investigations is of a deeply disturbed and violent young mind. More disturbing, however, is the damning indictment it has delivered of Japan's notoriously high-pressure school system, and the alienation it generates in those who cannot conform with its rigid structures.

Investigators found ultra-violent videos, or "splatter" movies, in the boy's bedroom, as well as books about Adolf Hitler and macabre crimes including the Zodiac killings in San Francisco several decades ago. They also found blood-spattered implements, including a long knife used to mutilate Jun's corpse. It is not known how much the boy's parents knew of their son's interests. The killer, who remains

anonymous, was deeply frustrated with the school system. He was quiet in class, with moderate grades, according to teachers. But he became more rebellious in the past year and prone to occasional violence, often bullying other children including his young victim. After he punched a girl in class, a teacher scolded him and told him not to come to school any more.

Classmates said the boy was vowed to "take revenge" on the school. He took to carrying a knife and showing it off to other students. He reportedly confessed to carrying out the previous attacks in February and March, and told investigators he wanted to attack someone with a metal implement after seeing such scenes in horror movies.

The public response has been a mixture of shocked disbelief and outrage tinged with guilt. Newspaper editorials and television commentators have lamented the deterioration of moral values and called for review of the entire education system.

"Japan's education system is in a large part behind this brutal crime," said Mr. Masao Omura, a professor of psychology at Nihon University. "We must overhaul it as soon as possible. If not, there could be a repetition of this vicious incident."

Mr Minoru Tada, a professor of politics and a prominent commentator, says the Hase murder should be seen in the context of the recent handful of bizarre and violent crimes in Japan and the rise of Aum Shinrikyo, the religious cult which

launched the 1995 nerve-gas attack in Tokyo's subway system.

In the case of Aum Shinrikyo, many young and highly educated members were revealed to be intelligent misfits, alienated by relentless education pressure and disillusioned by society's materialism.

Mr Tada also blames the rise of rebel icons such as the popular television personality Mr Takeshi Kitano, known as Beat Takeshi, who he accuses of "playing an instrumental role in eroding traditional morals".

"Takeshi used to say, 'Down with the rules, ordinary good sense and morals. Let's do what we like to do', and parents gradually fell silent before the power of television," he said.

The Education Ministry has responded to the outcry by sending senior officials to Kobe to investigate the circumstances of the murder. The ministry has come under growing pressure over rampant bullying in schools and the relatively high number of suicides among bullying victims in recent years.

Japanese schools are ruled by the examination system and detailed regulations which even dictate the exact length of skirts and rule out dyed hair.

Many other critics have seized on the case as a result of the breakdown of the family unit in modern Japanese society. "What did his parents think was going on in his head?" asked a leading Japanese newspaper. But the prevailing view weighs heavily on the killer's teachers, and why they failed to act on his increasingly erratic behaviour.

The Financial Times plans to publish a Survey on

The Commonwealth of Virginia

on Monday, September 8

For further information, please contact:

Marla McCoy
Tel: +44 171 873 3746 Fax: +44 171 873 3062

Penny Scott
Tel: +212 745 1346 Fax: +212 319 0704

or your usual Financial Times representative

FT Surveys

FT/S&P ACTUARIES WORLD INDICES/QUARTERLY VALUATION					
The market capitalisation of the national and regional markets of the FT/S&P Actuaries World Indices as at JUNE 30, 1997 are expressed below in % of US dollar and as a percentage of the World Index. Some figures are provided for the preceding quarter. The percentage change for each US dollar index value since the end of the calendar year is also provided.					
NATIONAL AND REGIONAL MARKETS	Market cap as at 30.06.97 US\$bn	% of World Index	Market cap as at 30.06.97 US\$bn	% of World Index	% change in \$ index since 31/12/96
Australia 76	252179.8	4.2	252179.8	4.2	8.53
Austria 24	7129.2	0.1	7129.2	0.1	1.34
Belgium 26	100170.4	0.6	100170.4	0.6	10.39
Brunei 32	102912.9	0.7	102912.9	0.7	56.46
Canada 112	346449.8	2.4	346449.8	2.4	9.87
Denmark 27	11766.0	0.2	11766.0	0.2	9.38
Finland 25	29916.0	0.2	29916.0	0.2	15.40
France 30	47025.2	0.3	47025.2	0.3	8.11
Germany 19	56994.8	0.7	56994.8	0.7	13.88
Hong Kong 45	347350.4	2.4	347350.4	2.4	6.36
Indonesia 21	90703.7	0.5	90703.7	0.5	9.63
Italy 17	26201.2	0.1	26201.2	0.1	6.50
Japan 10	194516.6	1.2	194516.6	1.2	14.53
Japan 455	264294.4	1.7	264294.4	1.7	8.18
Malaysia 107	132297.1	0.8	132297.1	0.8	15.40
Mexico 21	72614.1	0.4	72614.1	0.4	30.36
Netherlands 19	34036.9	0.2	34036.9	0.2	17.78
New Zealand 14	24222.2	0.1	24222.2	0.1	3.45
Norway 14	36172.3	0.2	36172.3	0.2	5.85
Philippines 22	14226.9	0.0	14226.9	0.0	17.90
Singapore 42	14226.9	0.0	14226.9	0.0	6.45
South Africa 44	14226.9	0.0	14226.9	0.0	13.82
Spain 24	17392.6	0.1	17392.6	0.1	19.80
Sweden 49	21425.7	0.1	21425.7	0.1	14.44
Switzerland 10	44706.5	0.3	44706.5	0.3	30.19
Thailand 42	14226.9	0.0	14226.9	0.0	40.77
United Kingdom 21	14226.9	0.0	14226.9	0.0	6.65
USA 547	172501.8	25.1	172501.8	25.1	18.76
Amended 316	778748.5	43.3	778748.5	43.3	18.80
Europe 762	217892.5	29.2	217892.5	29.2	12.27
North 152	355641.0	2.0	355641.0	2.0	12.85
Pacific Basin 385	3473167.4	20.2	3473167.4	20.2	6.25
Asia-Pacific 109	1648117.3	10.2	1648117.3	10.2	9.66
Europe 762	781491.5	4.2	781491.5	4.2	18.32
Europe Excl. UK 314	2047523.7	17.2	2047523.7	17.2	15.80
Pacific Excl. Japan 97	830193.5	5.4	830193.5	5.4	0.59
World Excl. US 1021	831455.5	5.0	831455.5	5.0	10.19
World Excl. US 1021	1406124.4	8.2	1406124.4	8.2	14.87
World Excl. Japan 1245	1289974.2	8.0	1289974.2	8.0	15.26
The World Index 2465	1554160.2	100.0	1554160.2	100.0	14.04

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NEWS: INTERNATIONAL

Thais shrug off currency critics

By William Barnes in Bangkok

An upbeat Thai government shrugged off opposition claims yesterday that its surprise managed float of the baht on Wednesday was a gamble by desperate men.

A steady currency and the third straight day of blue chips hitting limit their top limits in the stock market prompted Mr Narongchai Akrasenee, the commerce minister, to say that only time was required to heal Thailand's economic wounds.

"The base is solid... Even the financial sector will slowly recover over the rest of this year," Mr Narongchai said.

He dismissed suggestions that the government would seek the help of an international lender such as the

International Monetary Fund - whose officials are due to arrive in Thailand this weekend on their mission to offer the Bank of Thailand technical advice in running a managed float.

In the new mood of boldness that appears to have gripped the government, the commerce minister predicted that within two or three months the country would lose some of its 91 finance houses - which he added was a crazy number. But he said the finance sector would recover gradually over the rest of the year.

The government broke with its traditional habit of shying away from forced closures nine days ago when it ordered 16 debt-saddled finance houses to merge with

stronger rivals by next Friday.

Opposition Democrat party speakers said in parliament that the government had wildly underestimated the consequences of allowing the currency to slide downwards.

Eventually the baht would have had to be floated - but this wasn't the right time. Our sick economy has had extra debts, higher interest rates and more uncertainty dumped on it, said Mr Abhisit Vejjajiva, a senior opposition spokesman.

Even less partisan observers were worried about the enthusiasm with investors have piled into Bangkok companies that are known to have taken big foreign exchange losses after the float. The Stock Exchange of Thailand index climbed 6.33 per cent yesterday or 22 per cent in

three days to 657.

"The J-curve effect suggests that a devaluation (rising import prices and cheaper exports) causes pain before there is gain," said Mr George Morgan, the head of research at brokers ABN Hoare Govett Asia in Bangkok. "My feeling is that the Thai market is not efficient enough to understand it and there will be a consolidation when the changes start to take effect."

The baht weakened slightly with the protected onshore market ending at B22.25 to the dollar, as against B22.75 on Thursday. The offshore rate closed last night at B22.85, close to its domestic counterpart and suggesting that the Thai authorities' new two-tier defensive system would not last long.

Business tries to escape the fallout

"The rules of the game have changed. It was a surprise but we have no choice but to get used to it," said Mr Sataporn Jinsachitra, the first vice president of the Siam Commercial Bank.

He was probably speaking for most Thai entrepreneurs who were shocked on Wednesday to find that the 13-year regime of linking the baht to dollar-dominated basket of currencies had been abandoned.

Few businesses - grown weary of government promises to tackle long-term problems such as a poor education system and weak infrastructure - would argue with Mr Sataporn's assertion that a devaluation cannot be waved like a magic wand over the economy.

But the immediate concern of many businesses is to try to avoid some of the blows that a sudden fall in the currency - 15 per cent or so - will inevitably inflict.

Many of Thailand's most aggressive groups took advantage of the old quasi-fixed currency regime to borrow heavily in cheap foreign currencies.

Unfortunately, even after the three waves of speculative attacks against the baht, the consensus among analysts is that most big borrowers overseas neglected to hedge much of their debt.

"Why should we. We wouldn't be where we are



Devaluation and depreciation analysis	Net Income Btm	Offshore debt/total debt %	10% devaluation scenario		25% devaluation scenario	
			Net Income Btm	Change in net worth %	Net Income Btm	Change in net worth %
1997 estimate						
Building						
Siam Cement	7,215	84	428	0	(6,331)	(36)
TPC Asphalt	562	51	394	(12)	205	(18)
TPI Polene	581	80	(2,106)	(36)	(4,803)	(53)
Communications						
Telecomasia	(1,928)	37	(3,570)	(5)	(5,229)	(10)
Advanced Info Service	3,781	72	3,732	0	3,704	(3)
United Communications	2,026	79	1,081	(5)	135	(9)
Shinawatra Computer	2,310	75	2,175	(1)	2,041	(2)
Thai Tel & Tel	(384)	34	(959)	(3)	(1,533)	(5)
Chemical						
Thai Petrochemical	4,273	73	4,020	(1)	3,704	(1)
Energy						
PTT Exploration & Production	1,079	77	418	(3)	(168)	(7)
Electricity Generating	1,561	39	738	(7)	(422)	(9)
Cogeneration	417	92	661	1	482	(2)
Banpu	853	79	854	(3)	754	(4)
Property						
Italian-Thai Development	1,537	30	1,485	(1)	1,414	(1)
Land & Houses	1,128	40	960	(4)	834	(7)

today with foreign money, and the government swore hand on heart it wouldn't devalue," said member of the board of Land & Houses, Thailand's biggest property developer.

By one estimate, the 29

largest non-financial companies - two-thirds of the stock market - will have to absorb write-offs of B34bn (\$1.3bn) in foreign and interest cost losses if the baht settles for a depreciation of 10 per cent.

Businesses struggling with

weak domestic demand and ferocious global competition have been promised by the authorities that freeing up the baht will lead to lower interest rates.

Yet the Bank of Thailand was forced to raise its lend-

ing rate by 2 percentage points as a defensive measure - and it is still not clear where rates might go.

Clearly the double-blow of forex losses and higher interest rates is going to cast into the abyss finance houses and property companies currently hanging by a thread and yet weighed down by massive bad debts and a property collapse.

One analyst said many property and finance companies were beyond normal analysis: "What is 10 per cent of a black hole?"

The 15 commercial banks have probably less concern about foreign exchange losses - they are only permitted a net forex exposure of no more than 15 per cent - than the possibility that more of their clients will default.

Several developers are understood to be still standing only because their bank lenders do not fancy trying to sell the unwanted residential properties littered around the capital themselves.

Some of the biggest victims of the flotation are likely to be several of Thailand's ambitious telecommunications companies that have borrowed heavily overseas but now find themselves with no foreign currency earnings to match against it.

Advanced Information Services has already warned that its earlier 16 per cent profits growth forecast disappeared on Wednesday.

The Siam Cement Group, Thailand's biggest conglomerate, has been besieged by callers asking how it proposes to deal with its overseas debts of about \$2bn (\$1.2bn). A company official would only say the problem was quite manageable.

Many of hundreds of mostly unlisted foreign joint venture manufacturers that depend on imported finished goods will probably try to turn to rapidly developing local support industries if they can. But no big commitments are likely to be made until it becomes clearer where the baht is headed over the longer term.

Electronics companies such as Hana Microelectronics are fortunate that they source much of their inputs locally.

"We've come out of this looking quite good so far. What we do want to see though is softer interest rates," said its president Mr Richard Han. Mr William Heinicke, chairman of the hotels-to-pizza Minor Group, appears to be a beat or two ahead of most of his colleagues in seeing the devaluation as an absolute boon.

"At last, something decisive has been done about a nagging problem. Why all the hand-wringing? The stock market's gone up and there is a little more bounce in the man-in-the-street - that must be good for confidence, for domestic demand," argued Mr Heinicke.

No doubt many other chairmen wished they had hedged nearly all their foreign currency risk earlier this year and could look forward to wave of foreign tourists taking advantage of a new cheap destination.

● The Malaysian ringgit was slightly higher against the US dollar in late trading yesterday, but was strongly lower from earlier dealings and was again hovering very close to the central bank's expected intervention level of M\$2.5250, AP-DJ reports said from Kuala Lumpur.

The US dollar traded between M\$2.5178 and M\$2.5245 during the day.

Dealers noted the currency had opened strongly yesterday, after Bank Negara's suspected intervention in overnight trading on Thursday, which had seen the US dollar weaken to a low of around M\$2.5155.

William Barnes



A top-hatted Harley-Davidson veteran rides into Hollister to celebrate the anniversary of the 'battle' immortalised in Marlon Brando's 1954 film *The Wild One* (right) *Recher and Kobay*

Small town awaits return of Wild Ones

There was myth born every minute in Hollister this week as this small town strained its collective ears to detect the flatulent racket of incoming Harley-Davidsons.

One account had 70,000 riders crossing the border from Canada, riding two abreast. Another said the community's 23,000 people would be swamped today by 300,000 bikers.

But none of the stories circulating in advance of today's commemoration party seemed likely to withstand the test of re-telling as well as the story of Independence Day weekend 1947, when 4,000 demobbed GIs rode into Hollister and spawned the legend that the kindred spirits of freedom, rebellion and eternal youth can be conjured up astride a motorcycle with a bellyful of beer.

The sight of number plates from Europe and Mexico in the past few days has fed speculation about the international appeal of the golden jubilee of events which in 1954 made a hero of Marlon Brando in *The Wild One* and blotted the reputation of motorcycle clubbing as a "suitable" sport for returning heroes.

Rick, a 44-year-old electrician from San Diego, and a bountiful source of intelligence, reckoned another 7,000 foreign-registered bikes were awaiting their owners at San Francisco airport.

Better yet, he confided, the Hell's Angels - the heirs of the Boozefighters gang involved in the original two-day melee - would parade 30,000-strong in the town centre today.

In Johnny's Bar, HQ of the Angels' Oakland chapter, Tony, a Bristol truck driver, jet-lagged, sozzled and shamefaced at having a rented Japanese bike rather than shipping in his own Harley "hog", was content merely to be "where it all began".

A mile outside town, Tom

Corbin, president of the Corbin cycle accessory company, and prime mover in the anniversary event, had other visions.

Surveying his 100-acre concert and exhibition site, handily located next door to the county jail, and perched with the pout of the surrounding broccoli fields, he talked of "the Woodstock of motor-cycling".

With \$700,000 invested in his festival, christened "The Return of the Wild Ones", and budgeting for a loss of \$300,000 - in return for "50m worth of free media coverage" - he wanted to make the Hollister gathering

Fifty years ago, the Battle of Hollister featured drunken stunt riding, indecent exposure and bottle-throwing which left half a ton of glass in the road

an annual event and the town a tourist attraction.

"I'd like it so never again will anyone drive down Highway 101 without coming in for a visit, a T-shirt, or even just a Coke," he said.

But despite much bright-eyed anticipation in the town's shops and bars, stacked ceiling-high with cases of beer and blazoned with "Welcome Back" signs, Hollister has been divided over the prospect of being put back on the map.

The town, which once described itself as "the grain and hay capital of the world", is increasingly a dormitory serving San Jose and other high-tech centres to

the north. Unemployment is 12 per cent - twice the state average - and about 9,000 cars leave town every morning.

Yet, perhaps understandably, the bikers' jubilee is an economic opportunity thrust upon Hollister rather than grasped.

About 2,000 riders showed up last year in the first mass visitation since 1947. With the Boozefighters legend as potent as ever, the inevitability of this year's inundation finally dawned on the town authorities.

Even then, according to Mr Corbin, no-one wanted to take responsibility. "It was suggested to me that I might want to do something," he said. "And here we are."

The future of the event, he said, depends on local reaction to this weekend which in turn will depend on factors as diverse as traffic chaos and police reactions to biker naughtiness which traditionally involves mooning among the boys, flashing by female pillion-riders, a heavy intake of Budweiser by all, and the occasional "rumble".

Fifty years ago, according to the *Free Lance* newspaper of the time, the "Battle of Hollister" featured drunken stunt riding in San Benito Street, indecent exposure and bottle-throwing which left half a ton of glass in the road.

The myth was born three weeks later, when *Life* magazine published a photograph of a glass-eyed, pot-bellied rider, straddling his hog with a bottle in each hand.

The legend was established when Stanley Kramer transferred the incident to celluloid. When he sat Brando on a Triumph, he created one of Hollywood's most enduring role models. Today there is every reason to expect that the Wild Ones will return to roister in Hollister - if not next year then in 2047 for sure.

Christopher Parkes

Sector likely to be boosted after Busang debacle

Indonesia withdraws tough mining proposals

Indonesia yesterday withdrew controversial plans to amend mining regulations, and industry representatives said the cancellation would give the sector a new momentum after the Busang debacle, Reuters reports from Jakarta.

"There will be no changes. We will now go back to the COV (contracts of work) that had been initiated (last year)," Mr Adjat Sudrajat, the director-general of mining, said.

He was speaking after chairing a 30-minute closed-door meeting with representatives from 60 companies which had applied for the seventh-generation contracts of work for mineral mining and third-generation contracts covering the coal sector.

Mr Adjat said the mining companies, in their response to the proposals by the government-set deadline last Tuesday, had described the changes as impractical.

"They said it would be difficult to implement. Almost all of them were not in favour because of the practicality," he said.

He declined to say if similar proposals would be included during negotiations for the next batch of contracts of work.

"Mining companies consider the move as giving a new momentum to the

industry after the Busang incident," he said. Canadian exploration company Bre-X Minerals said its Busang property contained some 71m ounces of gold, making it the biggest find this century, but an independent audit revealed the deposit was worthless.

The government declared its intention to amend mining regulations in the wake of the scandal.

The proposed changes included requiring mineral mining companies to allocate at least a 10 per cent stake to the government for free in future ventures.

They also required mining companies with operations

in Indonesia share capital gains made on stock exchanges outside the country with their shareholders and that the raising of additional capital through a public offering of shares would have to be done in Indonesia.

Some mining analysts had said the capital gains proposal would be virtually unenforceable, while Indonesia did not have the capital to finance large-scale exploration work.

Coal mining companies were, among others, required to divest 51 per cent of their equity in future projects to Indonesians by the 10th year of operations.



SPOT THE REFUGEE

There he is. Fourth row, second from the left. The one with the moustache. Obvious really.

Maybe not. The unsavoury-looking character you're looking at is more likely to be your average neighbourhood slob with a grubby vest and a weekend's stubble on his chin.

And the real refugee could just as easily be the clean-cut fellow on his left. You see, refugees are just like you and me.

Except for one thing.

Everything they once had has been left behind. Home, family, possessions, all gone. They have nothing.

And nothing is all they'll ever have unless we all extend a helping hand. We know you can't give them back the things that others have taken away.



United Nations High Commissioner for Refugees

We're not even asking for money (though every cent certainly helps). But we are asking that you keep an open mind. And a smile of welcome.

It may not seem much. But to a refugee it can mean everything. UNHCR is a strictly humanitarian organization funded only by voluntary contributions. Currently it is responsible for more than 19 million refugees around the world.

UNHCR Public Information
P.O. Box 2500
1211 Geneva 2, Switzerland

سكرا من الامل

Pressure grows from international accounting groups to agree standard Pension asset valuation may alter

By Norma Cohen in London

Actuaries are considering a change in the way they value pension scheme assets following the chancellor of the exchequer's decision, spelt out in the draft finance bill, to abolish tax credits on dividends.

In recent months, members of the Faculty and Institute of Actuaries, the professional body whose members are responsible for valuing pension assets, have discussed whether it is time to overhaul UK valuation methodology.

The change could lead to wild fluctuations in the val-

ues of pension assets reported each year on corporate balance sheets and possibly alter investors' perceptions of the merits of various investments, actuaries say.

"What would really change is the value of surplus or deficit at any given time," says Mr Andrew Wilson, research actuary and partner at Watson Wyatt, the actuarial consulting firm.

The change in valuation method could also put companies under most pressure to add cash to their pension schemes at the times when financial markets are under greatest duress.

British pension schemes are currently valued on a discounted cashflow basis. That is, actuaries measure the amount of cash the assets are earning through dividends or interest payments and, discounting future payments for inflation, make projections about how much the scheme will earn long term.

But the abolition of advance corporation tax credits on dividends means that dividends paid to pension schemes earn less cash. Using a discounted cashflow basis for valuation will reduce the value of nearly every pension scheme in

Britain. There is also growing pressure from international accounting groups to agree a world-wide standard of reporting pension assets and liabilities so that analysts may compare the balance sheets of several companies in different countries using consistent methods.

These accounting groups want companies to value pension assets the way they value other corporate assets - by using the market value.

Further pressure for change is coming from companies themselves who are using financial innovations to distribute profits to shareholders through methods

other than dividends, including share buy-backs. This means that measuring only dividend cashflow does not give a true picture of the value of a share.

"Most of our people are now thinking of moving to a market value adjusted method of valuation," said Mr Paul Greenwood, research actuary at William M Mercer and Co. The MVA method, widely used in the US, values assets at their market value as if they were being sold on the date of valuation. The assets are then adjusted for assumed rates of inflation to complete the valuation process.

Speed of surprise finance bill under attack

By David Wighton and Jim Kelly in London

The government yesterday tried to defuse criticism over the speed with which it plans to enact the Budget by publishing the finance bill in draft form for the first time.

The move will allow MPs to study the detail of Budget measures over the weekend in advance of next week's House of Commons second reading of the bill. But Mr Gordon Brown, the chancellor of the exchequer, was criticised for pressing ahead with the controversial scrapping of the tax credit on dividends without consultation.

Mr Ian Barlow, head of tax at accountants KPMG, said the finance bill was usually published about three weeks after the Budget allowing time for changes.

UK NEWS DIGEST

Boost for share system planned

CrestCo, the company that runs the electronic share settlement system Crest, may buy an additional computer system in order to cope with the added strains of the move to order-driven electronic share trading this year.

Mr Iain Saville, CrestCo's chief executive, said yesterday that Crest was likely to be run on a more powerful computer mainframe from early next year. It was also considering purchasing a separate computer to run trials.

CrestCo has now estimated that a 10 per cent rise in the number of trades when electronic trading in FTSE 100 shares is introduced from October would create a 3 per cent rise in the overall volume of settlement within Crest.

Separately, Crest published proposals for fines to be imposed on users failing to settle promptly and accurately. There have been no internal disciplinary measures on Crest until now.

John Gapper, London

EU-FUNDED PROJECT

Premier opens expanded airport

Mr Tony Blair, the prime minister, yesterday opened the final stages of a \$5.5m (\$10.7m) improvement to Teesside International airport, in north-east England. The expansion to passenger facilities and runway improvement work at the airport, which lies within Mr Blair's Sedgefield constituency, has doubled capacity to 800,000 passengers a year. Passenger numbers are expected to rise this year by between 100,000 and 150,000.

The airport is owned by Durham county council and the four Teesside unitary local authorities. The improvement was funded by airport profits and European Union support. The airport, Schiphol airport in Amsterdam and property developers Moorfield Estates are preparing a feasibility study on the proposed \$200m development of a large air cargo handling centre on 250 acres of Teesside airport land.

Yesterday was Mr Blair's first visit to the airport, and his constituency, since the Labour party's election victory on May 1.

Chris Tigue, Newcastle upon Tyne

INDUSTRY

New sectors 'may be short-lived'

The new industrial sectors which have replaced traditional heavy industries are likely to prove much shorter lived, the chief executive of one of Europe's most successful economic regeneration agencies warned yesterday.

Mr John Bridge, chief executive of the Northern Development Company, which has played a key role in helping the northern region rebuild its industrial base since the mid-1980s, said it would be a mistake to presume that, if shipbuilding or coalmining had lasted 100 or 200 years, the activities which replaced them would do likewise.

"The life and death of industrial sectors in this region... is going to rise," he said. "Major industries will probably turn over far faster than in the past." He believed the reasons included technological and environmental change and globalisation.

Since its formation in 1986, NDC has been involved in 520 inward investment projects, creating or safeguarding 75,000 jobs and generating \$8.8bn (\$14.5bn) in capital expenditure. Mr Bridge made his comments as he unveiled a new operational structure for NDC, a partnership body involving the private sector, local authorities and trade unions.

Chris Tigue, Newcastle upon Tyne

SCOTLAND

Subsidy for island bridge toll

The government is to subsidise a reduction in tolls for frequent users of the privately-financed Skye bridge between the Isle of Skye and the mainland in north-west Scotland. But it will not remove the tolls, either by buying out the contract with the bridge's operators or by replacing tolls with "shadow" tolling.

In the package of measures announced yesterday by Mr Donald Dewar, the chief minister for Scotland, the discounted rate for a one-way crossing by a car will be halved from £2.50 (\$4.12) to £1.25. Mr Dewar said to buy out the contract with Skye Bridge Ltd, which built and financed the bridge, would cost £30m. "We cannot justify that in the face of many pressing needs in the public spending programme," he said.

Skye Bridge Ltd is a joint venture of Miller Group of Edinburgh and Dywidag of Munich. The company built and financed the bridge.

James Buzon, Edinburgh

Decision to allow march on knife edge

By John Murray Brown in Belfast and Jimmy Burns in London

The government last night had still to announce whether it will allow Sunday's disputed Orange Order march through Portadown's Roman Catholic district, as troops and police set up checkpoints and increased their presence on the approaches to the Garvaghy Road flashpoint.

As Northern Ireland braced for a possible repeat of last year's violent confrontation, the prime minister's office indicated that a final decision would be announced today, as last-minute efforts were made to find an accommodation between the Portadown Orangemen and nationalist residents.

Ms Mo Mowlam, the Northern Ireland minister, last night urged the Portadown Orange Lodge to listen to those "voices of reason" within the Orange Order - the 60,000-strong society of Protestants - for the good of everyone and for the sake of peace in the next few weeks. Last year's sectarian unrest soured the atmosphere at the multi-party talks on Ulster's constitutional future, and strained relations between London and Dublin which have underpinned the peace process.

Yesterday, Northern Ireland families were leaving the province: travel agents reporting all outgoing flights booked up, in working class areas, there were signs of a siege mentality with residents queuing to buy candles and bottled gas. Camping shops and hardware shops reported heavy sales, as residents feared possible power cuts.

Hands-on approach to peace

N Ireland business chief hopes taskforces will help to bring home price of violence

Of all the groups praying for a resolution of this weekend's disputed Orange Order march, the Northern Ireland business community is watching with particular interest.

For after last summer's disturbances - when roads and ports were blocked, factories burnt out and rural shops boycotted - the province's business class appears to have abandoned its traditional political reserve.

Mr Bill Tosh chairman of Northern Ireland's branch of the Confederation of British Industry, the UK's largest employers' lobby, has over the past year persuaded a number of businesses to come out from behind the parapet, forming business taskforces to meet the politicians, and joining hands with the trades unions and chambers of commerce to voice common concerns.

Even Sinn Féin - at least until the latest killings by its military wing, the IRA - has been meeting regularly with the CBI to discuss economic issues.

"The change was that people realised that this time we were going to have to pay for the re-emergence of violence," says Mr Tosh.

In the appointment of Mr Adam Ingram as minister in charge of both the economy and security, the Labour government signalled that any breakdown in civil order would result in budget cuts if security costs had to increase.

At the height of last year's unrest, Mr Tosh's group issued a series of hard-hitting statements, warning that Northern Ireland was being pushed close to the brink.

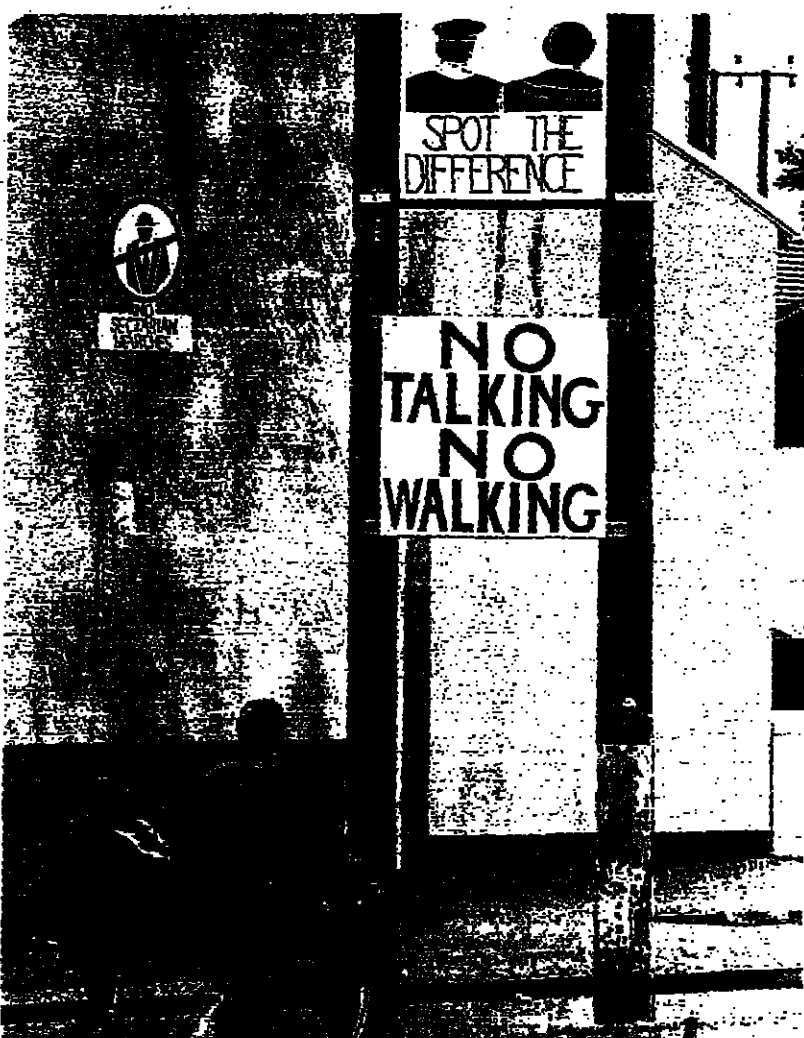
Today he is confident that the message may have seeped through to some in the Orange Order, the 60,000-strong society of Protestants which commemorates ancient conflicts with Roman Catholics.

"In business, if you have recurring losses you wouldn't last too long. In this society, civil unrest is our recurring problem," says Mr Tosh.

During last year's Orange Order demonstrations, it was the middle class Orangemen, many of them running small and medium-sized businesses, who were directly involved in leading many of the protests. This year, Mr Tosh is hopeful that moderate Orangemen may be less inclined to join in.

"I think that whatever happens this summer, we have clearly got across to most people in Northern Ireland that the economy matters," he says.

It is this message that Mr Tosh is also drilling home in less controversial areas. The CBI, for example, is arguing



Signs of the times: children walk along the Garvaghy Road, Portadown, which is the disputed route of the Orange Order march tomorrow

for greater contacts with the Irish Republic.

"The politicians would decry our initiatives on cross-border links. But they suddenly fail to appreciate that the B between the C and the I stands for British," he says.

He adds that it is that preoccupation with the constitutional question which blinds politicians to the economic impact of their actions. "Take the example of the proposed electricity interconnector from Scotland. I guarantee the unionists would be for it

because they think the energy is red white and blue while the nationalists would oppose it and argue we should be interconnected with the Republic. None of them have evaluated the impact there will be on our electricity costs."

"It is a structural problem too. Under direct rule from London, the politicians have had the powers to influence events but no responsibility for the consequences."

John Murray Brown

Accident plan for health service

By Nicholas Timmins in London

Ministers are planning legislation requiring insurers to check whether motorists have been treated in hospital when they make a road accident claim to ensure that the National Health Service recoups the full cost of treating accident victims.

Insurers would inquire of claimants whether they had received in-patient or out-patient treatment, and would then notify the hospital, allowing the NHS to bill the insurance company.

The approach is the one currently favoured by Mr Frank Dobson, the chief health minister, who has received the promise of a

legislative slot in this session of parliament for a move which could raise millions of pounds for the NHS.

At present, under the Road Traffic Act, NHS Trusts can charge insurers up to £295 (£487) for out-patient treatment and up to £2,949 for in-patient treatment, figures which were set in 1995.

Many trusts, however, find it is not worth the cost of the bureaucracy of questioning all those who attend casualty departments, and then billing the companies. In 1996, the last year for which the Department of Health has figures, only £5m was raised in that way.

However, the £60,000 road traffic accidents involving injury cost the NHS an estimated £44m in 1994, accord-

ing to the road safety branch of the Automobile Association; and health department officials estimate that up to £150m could be raised under the current charging regime if it operated as intended.

The Department of Health said yesterday there were "no plans" at present to increase the level of charges, but Mr Gordon Brown, the chancellor, in his Budget speech said the government would act to recoup the costs "in full".

The Association of British Insurers, yesterday warned that any such move would increase premiums for Britain's 22m motorists. Insurers, a spokesman said, do not know how much they currently pay to the NHS. "But any approach like this

would mean both more money being paid across and much more administration for insurers." At present, all motor claims - not all of which involve injury - cost the industry about £3.5bn a year.

Ms Becky Hadley of AA Insurance said premiums could rise by about £10 per policy if the NHS succeeded in recouping £150m, or nearer £20 if the whole cost of treating road accidents was the aim.

The Department of Health said ministers were determined to ensure that payment was made automatically and believed legislation would be necessary, although officials indicated ministers might consider another route.

New prefix set to boost car sales

By Haig Simonian in London

The change to the "E" registration prefix in August should boost new vehicle sales to almost record levels, according to the Society of Motor Manufacturers and Traders.

However, August could be the last time the prefix changes annually if the SMMT, which represents the motor industry, has its way. Carnivals are pressing the government to substitute the annual August changeover with a six-monthly change in March and September to even out sales through the year.

The SMMT, which had been in talks with the previous government, has now

briefed the new ministers responsible and "we are now waiting impatiently for a response", said Mr Ernie Thompson, the SMMT's chief executive.

The SMMT expects registrations in August, which account for about one quarter of annual new car sales, to be between 450,000 and 482,000. That implies new car registrations this year should be about 2.1m - the third highest on record and 4 per cent more than in 1996.

Confidence about the strength of the new car market this year received a boost from figures for June, which showed registrations rose by 7.5 per cent to 151,520, year on year. The June data meant registra-

tions in the first six months rose to 5.3 per cent, to 1.05m, compared with last year.

Much of the recent buoyancy in the car market has come from private buying, which has climbed more strongly than fleet purchases. After a fairly modest 2.5 per cent rise in registrations in the first three months of the year, new car sales soared by 7.4 per cent in the second quarter on the back of strong private buying, according to the SMMT.

"We do not believe the market is overheating," said Mr Thompson.

The vibrant car market has not, however, been fully reflected in figures for car production. The rise in private buying has fuelled

imports, which accounted for 66.5 per cent of sales in June compared with 62.2 in June 1996. The import share also climbed strongly during the first six months, with a rise to 65 per cent of sales, compared with 61.7 per cent in the same period last year.

The impact of rising imports on production has been cushioned, however, by a steady increase in the number of UK-built cars sold outside the UK.

The SMMT forecasts total production this year would rise to 1.71m from 1.68m in 1996, with exports remaining the main motor for growth.

However, it warned that the strength of sterling was beginning to have an impact on sales outside the UK.

FIDELITY FAR EAST FUND

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NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that for administrative reasons the Annual General Meeting of the Shareholders of Fidelity Far East Fund, a Société d'Investissement à Capital Variable organised under the laws of the Grand Duchy of Luxembourg (the "Company"), will be held at the registered office of the Company, Kansallis House, Place de l'Etoile, Luxembourg, at 11.15 a.m. on July 14, 1997, specifically, but without limitation, for the following purposes:

1. Presentation of the Report of the Board of Directors;
2. Presentation of the Report of the Auditor;
3. Approval of the balance sheet and income statement for the fiscal year ended February 28, 1997;
4. Discharge of the Board of Directors and the Auditor;
5. Election of six (6) Directors, specifically the re-election of Messrs Edward C Johnson 3d, Barry RJ Bateman, Charles TM Collis, Charles A Fraser, Jean Hamilius and Helmut Frans van den Hoven, being all of the present Directors;
6. Election of the Auditor, specifically the election of Coopers & Lybrand, Luxembourg;
7. Declaration of a cash dividend in respect of the fiscal year ended February 28, 1997;
8. Consideration of such other business as may properly come before the Meeting.

Approval of items 1 through 8 of the agenda will require the affirmative vote of a majority of the shares present or represented at the Meeting with no minimum number of shares present or represented in order for a quorum to be present.

Subject to the limitations imposed by the Articles of Incorporation of the Company with regard to ownership of shares which constitute in the aggregate more than three percent (3%) of the outstanding shares, each share is entitled to one vote. A Shareholder may act at any Meeting by proxy.

Dated: May 16, 1997
By order of the Board of Directors



COMMENT & ANALYSIS

FINANCIAL TIMES

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Tel: +44 171-873 3000 Telex: 922186 Fax: +44 171-407 5700

Saturday July 5 1997

Pounding in store

To tax and to please, no more than to love and be wise, is not given to men, said the great 19th century Whig politician Edmund Burke. Seen from this jaundiced perspective, the delivery of the UK Budget is a painful task: all the more so for incoming Labour chancellors, who have often found themselves clearing up after their Tory predecessors.

Mr Gordon Brown, on the other hand, has always looked the rare politician who might actually relish such a role. This week, with the British economy clearly prone to excess demand, he appeared set to cast himself as damper-down-in-chief of the wayward British consumer.

Yet after initial gyrations the stock market response to the first Labour Budget for the best part of two decades was euphoric. City economists, rather than the new Labour chancellor, were left looking like puritans. For while Mr Brown talked tough in his Budget speech, the actual measures fell short of the fiscal hair shirt. If Mr Brown raised some useful revenue, he did so without throttling the consumer.

The stock market reaction was thus partly a gasp of relief. The big new revenue-raising measure - abolition of the dividend tax credit - was already anticipated. And since UK equities have underperformed so far this year, there was room for reassessment.

The modest improvement in the public finances, equivalent to a reduction in the public sector borrowing requirement of £2bn this year and next when compared with previous plans, was not enough to set the gilt market truly alight. But nor was it bad for equities. The chancellor, then, has pulled off the rare feat of taxing and pleasing - investors - are those from whom he has taken the money.

Hardly coherent

Mr Brown has emerged as an exceptionally commanding figure in the new Labour administration and his Budget, with its largesse for healthcare and education, was politically adroit. But from any other perspective it was hardly coherent.

The populist windfall tax on utilities was directed more at the beneficiaries of pension funds than the "fat cat" directors who have so enraged public opinion. Meanwhile the fat cats themselves have escaped surprisingly lightly.

The reduction in the rate of

dividend tax credit for individual investors to 10 per cent in 1999 would normally have resulted in an increased tax bill for those shareholders who pay the top rate of income tax of 40 per cent. Yet the chancellor, adhering fastidiously to Labour's pre-election promises on income tax, has announced a new reduced top rate of tax of 32.5 per cent on dividend income to ensure that the rich, fat cats included, are spared any loss of income.

Heavy loss

In contrast, the holders of personal pension plans have lost heavily, and will have to increase their lifetime contributions significantly to earn the same level of pension. This is not the kind of signal to send to a public that will soon be asked to step up private provision for pensions. Nor does it seem very plausible that taking money away from pension funds will encourage industry to invest more. What it will do is hasten the demise of the defined benefit pension scheme.

Whether the chancellor flunked the test of setting the economy on a sustainable course by failing to raise taxes on consumers remains a difficult question. The politics of income tax is such that even a Tory government would probably have scooped money out of the pension funds. That said, a Tory government would not have had a windfall tax. But nor would it have had Mr Brown's employment measures. It is a welcome feature of this chancellor's tenure that he is so seriously committed to addressing unemployment.

The snag is that micro-economic measures could all too easily be outweighed by the soaring response of sterling. This leaves the new monetary policy committee of the Bank of England with a near-impossible task next week in deciding what to do. A modest interest rate increase will neither damp down consumer spending nor arrest sterling's rise. Yet tougher action would squeeze industry and commerce.

The charitable view of the Budget is that it could have been worse. With the Bank of England now outside his control, Mr Brown is in the hands of the markets. While he may be grateful for this week's plaudits from the equity market, he should not forget that, for a chancellor, it is the verdict of sterling and gilts that really counts.

A Brown and pleasant land

Nicholas Timmins and Robert Chote report on the chancellor of the exchequer's vision for the UK and the obstacles in his way

In the UK, there is a man with a vision. It is a vision of a society where shaven-headed punks with pierced noses insulate the lofts of hypothermic pensioners as the first step on the road to redemption.

A country where teenage girls are no longer seduced into lone parenthood by benefits and a council flat, which deliver only poverty. A country where they opt instead - and, if they won't opt, are compelled - to train as childcare assistants, putting something back as they get the chance to take something out.

It is a world of life-long learning: of schools whose roofs no longer leak, with class sizes that are manageable, and where the classrooms flicker with the computer screens needed to send their pupils off to compete in a globalised, high-skill, information-rich economy; and where a university of industry will ensure that learning need never stop.

It is a nation whose money is stable: responsibility for it removed from the hands of feckless politicians with half an eye on cheap electoral advantage, replaced instead with a Bank of England that even the Bundesbank might trust. But the Bank, too, has new responsibilities: to go with its new freedoms: having to explain in public and to MPs if things go wrong.

It is a place where companies are not merely expected, but if need be required, to act responsibly: providing quality training, investing for the long term, involving their community, paying a minimum wage, and exercising corporate responsibility. One where the "fat cats" become sleek Persians, proud, well paid even, but no longer disdainful of public opinion.

A country in which gleaming, privately financed hospitals replace rotting Victorian wards and in which the anti-roads protestor Swampy will have to get a job - or find a company in search of environmental credentials to sponsor him.

Don't mock. This is Brown-scape: Britain according to Mr Gordon Brown, the chancellor of the exchequer. Rights, responsibilities and fairness.

The vision was there in every item in the Budget: in the big changes to corporation tax he says will make Britain ever more competitive, attractive and profitable - at least in the long run. It was there in the cash for schools and for health, the £5m which will at least make a start on the university for industry. It was there in the requirement that employers train their workers in return for the subsidies they are being offered, and that the young take the opportunities there are - like it or not.

It was Mr Brown's society: inclusive yet coercive. Not the old Thatcherite question "is he one of us?", but a demand that all



of us be one of us. Business leaders heard it at the breakfast where Mr Brown signed them up to "welfare to work", pointing out that they had responsibilities too.

"I urge every business to play its part in this national crusade to equip the country for the future by taking on young unemployed men and women," he said in his Budget speech.

In the pantheon of recent Labour politicians, Mr Brown is not Mr Blair. Instead he stands midway between Labour's present leader and its previous one, John Smith, for all his bank manager manner and QC's silk, was fired by anger against poverty: a man driven by the old Labour goal of equality of outcome.

Mr Tony Blair is driven much more by equality of opportunity, believing success should be rewarded and, if need be, rewarded awfully well. Mr Brown shares Mr Smith's seething anger against injustice. But he has come to believe that a genuine drive to deliver equality of opportunity may now be the best way to deliver something closer to equality of outcome: it requires,

however, an equality of personal contribution as a quid pro quo.

Can the vision be achieved? One of the string of business leaders he has recruited to government observes that the chancellor "is a curious mixture of almost Thatcherite self-help, underpinned by a wish to see a very strong safety net".

This son of a Church of Scotland minister - with a Calvinist streak but a fine knowledge of rock bands, and whose thesis was on Keir Hardie, the cloth-capped first Labour leader - displays "a real grasp of government, and I am deeply impressed," says the business leader. Government has huge levers it can pull by way of regulated industries. Not just the privatised utilities, but the banks and financial sector, as well as through government contracts and support for overseas trade. "It is clear he wants to use them," he says.

It is a role that comes naturally, says a Labour insider, to someone who believes the government's job "is not just to manage but to help put the world to rights".

So far Mr Brown has impressed

even the sceptics. Mr Tim Melville-Ross, director-general of the Institute of Directors, says the chancellor's pro-business approach is welcome. And while companies are unlikely to see themselves as fully fledged crusaders, they will play their part.

"The reality is that business is more likely to prosper and make good returns for shareholders if it has good relations with the man and woman in the street," he says. "Most businesses will be quite hard-headed about welfare-to-work and will only get involved if they can see the long-term benefits. And I am sure many will."

Some wonder if the chancellor has all the targets right. A senior executive of one of Britain's biggest companies observes that it is all very well signing up chief executives to welfare-to-work. "They want to be seen to be on-side and politically involved. But the people he needs to convince are not the figureheads, rather the human resources and personnel people who will actually have to deliver this."

It will mean convincing, too, people such as Robert Campbell

- an unemployed 21-year-old in Newcastle-upon-Tyne who says he is not going out to work for less than £180 a week. Coercion has its place. But for the programme to deliver real benefits the Campbells of this world may need convincing there is something in it for them.

In areas outside his core responsibilities, some doubt the chancellor's grasp. His belief that the problems of the National Health Service can be solved by cutting bureaucracy and the internal market is "naïve", says Professor Alan Maynard, a leading health economist.

And if the great welfare-to-work crusade fails, Labour and its chancellor will pay a heavy price. People might well lose the faith in active government that Labour's victory seems to have rekindled. The cynicism engendered in the Tories' final years could return.

Success is far from certain. What if employers use the wage subsidies that Mr Brown is offering merely to take on people they would have employed anyway? Worse still, what if they get rid of existing workers in order to take on others who attract a subsidy?

"It would be idle to deny that this is a very real risk," says Mr Melville-Ross. "But put together sensibly, it can work. Because, through the combination of subsidy and training, companies should find that they have a broadly capable employee at the end of the process."

Even if the subsidies work, there are dangers that the benefits of the scheme will be overwhelmed by events. In the US, welfare reform has coincided with a period of robust economic growth. The number of welfare recipients has seen its largest decline in 50 years. But President Bill Clinton's own council of economic advisers gives the state welfare-to-work programmes the credit for only 31 per cent of the fall, with the growing economy accounting for 40 per cent.

Mr Brown may not be so lucky. He is launching his programme much later in the economic cycle. By his own admission, the economy's spare capacity is almost exhausted, its pace of growth unsustainably strong. The financial markets fear the Budget has not hit consumers hard enough to take the steam out of the economy and that the newly independent Bank of England will have to finish the job.

Further interest rate rises could easily turn into monetary overkill. If so, the resulting downturn might do far more to increase unemployment and long-term joblessness than welfare-to-work will do to reduce them. Mr Brown may have the right vision. But, should events turn against him, he would then have to take the responsibility.

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL

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UK decision on Emu will set the timetable for Sweden's entry

From Professor Carl B. Hamilton.
Sir, A social democratic (SD) government will not take Sweden into Emu in 1999. This was announced a few weeks ago. Two reasons were given. First, the negative domestic public opinion in Sweden. Second - according to the prime minister Mr Goran Persson - that the Emu project is "very uncertain" and "shaky". However, an additional and accurate reason for the SD leadership's decision is the significant risk of a renewed internal split of the SD party. European integration is to the Swedish social democrats what it is to the British Tories.

If there is a SD government in power also after the 1998 general election it would be bound to at least one more popular vote before Sweden enters Emu. It can be either the general election in 2002, an extra general election sometime 1999-2000, or a referendum.

A referendum would be risky for the SD party since it would open up old wounds and deepen the internal SD split on EU/Emu issues. Thus, on political grounds one should disregard the possibility of a referendum. An extra election would - again for internal SD reasons - not be called on the issue of Emu but, if at all, on some other issue like an untenable parliamentary situation. However, an extra election is hardly something any government can plan today. It can nevertheless turn out to be the result if a weakened SD government stays

in power after the 1998 election and if it wants to try its luck to improve its parliamentary position later on.

Three things can rock the boat: first, the SD may lose thoroughly in the 1998 general election and a more Emu-positive majority comes to power. Such an outcome is unlikely, but not impossible. Second, Britain announces that it will join Emu. This would give Sweden (and probably also Denmark) an irresistible external push in the direction of Emu membership. As long as the SD has a dominating influence over Sweden's Emu policy it seems unlikely that Sweden could muster the internal strength and determination to decide on its own to join Emu. So what Britain chooses on Emu is very likely to decide the matter also for Sweden.

Third, if there is a combination of Emu turning out to be a great success in Europe, EU and Emu turn popular in Sweden, and there is an extra Swedish election 1999-2001, then Emu may be pushed through as a side issue in that extra election.

However, it is much more likely that Britain's decision and time table on Emu also will be Sweden's.

Carl B. Hamilton,
chief economist,
Svenska Handelsbanken,
Kungälvsgatan 2,
S-106 70 Stockholm,
Sweden

Budget move on pension funds will remove downside of ACT 'hand-out' and rightly force them to improve performance

From Mr L.J. Manson.

Sir, Contributors to pension schemes and personal pensions should not swallow whole the "spin" the UK pensions industry is putting on the abolition of its advance corporation tax rebates. ACT was introduced as a neutral measure, mainly to speed up payment of corporation tax, but was later used by Conservative governments to give a "hand-out" to pensions funds.

While beneficial in some respects it had the same downside as most government "hand-outs". Even the inefficient investment funds were able to produce seemingly good results, for which they charged high fees and paid their managers huge salaries and bonuses, even when they performed less well than funds merely tracking the FT-SE Index.

The massive downsizing operations following the last recession had the effect of reducing anticipated commitments of most pension schemes, enabling companies to take contribution holidays and use the funds released to pay ever increasing dividends. This in turn pushed up share prices and benefited pension funds in the short term.

What is required is long-term benefits. These will come only from increased profitability. As cost-cutting has been pushed to its limits this will have to be achieved through increased investment in innovation, equipment and skills.

It is time company directors showed more resilience and resisted the claims of the City that it is better able to invest a company's cash flow advanta-

geously than the managers who produced it.

Removing government "hand-outs" has the same effect, whether paid to people on welfare or to pension funds. It forces them to behave more productively. It is only this that will reverse the long-term decline in UK industry, and provide long-term improvements to industry and in turn to pension funds.

L.J. Manson,
7 Rivermead Court,
Hurlingham,
London SW6 3ET, UK

From Mr H.R. Wynne-Griffiths.
Sir, I am astonished at some of the outrageous claims made in the newspapers concerning the effect on pension schemes of the removal of advance corporation tax relief.

The true effect on UK pension schemes will be to reduce the return by something of the same order that the investment managers charge in fees. The difference between upper and lower quartile investment managers is 10 times the effect of the removal of ACT relief.

I find it difficult to see how actuaries can reduce the value of pension funds by huge amounts when the stock market (substantially made up of the same pension funds) decides that dividend growth will still be adequate in the future.

The most likely result of the removal of ACT relief will be that surpluses which might have been declared at some future date will now be rather smaller. Actuaries

will have to learn a way of overcoming the presentational problem of getting this information across.

H.R. Wynne-Griffiths,
Barnett Waddingham,
consulting actuaries,
Bow Bell House,
Broad Street,
London EC4M 9EN, UK

From Mr Anthony E. Luke.

Sir, It is breathtaking that the chancellor has the nerve to try to justify his decision to axe the dividend tax credit on pension funds by referring to the fact that "many schemes are in surplus". Indeed many company schemes may be in surplus but those of us who opted to go the personal pension route will be grievously wounded by this action. While companies are pledged to guarantee the benefits under their schemes those of us with personal pensions have no such recourse.

It goes without saying that the over 50s are not the only losers as everyone with a personal pension has been discriminated against; but for some the threat is not so immediate and therefore, perhaps, perceived to be less of a problem.

Nonetheless when they come to retirement all those with personal pensions will be significantly the poorer as a result of Mr Brown's wretched measure.

Anthony E. Luke,
Barley Cottage,
Ashmansworth,
Nr Newbury,
Berkshire RG20 9SW, UK

From Mr Simon Clayton.

Sir, It would be interesting to know how many new cases of pensions mis-selling the government has created as a direct result of its action to tax pension funds. The decision to transfer a preserved benefit to an insured buy-out policy or to contract out of the state scheme using an insurance contract has always been finely balanced. At a stroke the chancellor has retrospectively tipped the balance for many people, seriously damaging their eventual benefits with no one to share the cost.

This government has been very quick to apply pressure to the insurance industry to resolve its pensions mis-selling problems. Will the chancellor be as quick to compensate the innocent victims of what has turned out to be "mis-selling" because of his actions?

Simon Clayton,
"Tara", Apperley,
Gloucester GL19 4DW, UK

From Mr Adrian Martin.
Sir, Providing work for our unemployed young people is a laudable aim of the government, especially when backed by sanctions to discourage the worksby.

However, what measures can be adopted to prevent even more 40 and 50-year-olds being tossed on to the employment scrap heap as employers seek to reduce costs and have the incentive to do so of being paid by the government to take on young people? What is there to stop unscrupulous employers freezing or reducing the wages of older employees

under the threat of bringing in unemployed school-leavers in their place?

Adrian Martin,
56 Beeches Avenue,
Accoys Green,
Birmingham B27 6LP, UK

From Mr Paul Mason.
Sir, Liz Saunders, manager of an Aldi convenience store in Warrash, Southampton, ("Budget verdict - the retailer", July 3) is misguided.

She said that retailers can "cope" with the 19p increase in a packet of 20 cigarettes. Before the Budget, the Tobacco Alliance, which represents 28,000 independent retailers of tobacco, estimated that retailers were losing up to £22,000 a year as a result of lost tobacco sales caused by smuggling. The increase in tobacco tax will only encourage smuggling and cross-border shopping, because the differentials between the UK and the continent are now so big. This will lead to a reduction in legitimate sales of tobacco, and a reduction in excise duty that the government can collect.

The worst hit will be independent retailers - community shops - which could be forced to close. The chancellor started his Budget statement by saying he would help small businesses, then turned his back on small shops.

Paul Mason,
national spokesman,
Tobacco Alliance,
Haymarket House,
28-29 Haymarket,
London SW1Y 4SP, UK

From cloned sheep to cash-cow

Daniel Green looks at progress made by Dolly's creators in developing a medical business

Dolly is one-year-old today. The sheep that stunned the world - because she is a genetic copy of another sheep - is in fine form. She gambols across her deluxe pen to greet visitors and, with her front hoofs on the gate rail and a well-timed "baa", can charm just about anyone.

Her creators are not quite so carefree. They are no longer feted by press and TV and must now get down to the job of turning Dolly into a business. First, they must overcome a host of technical and ethical obstacles.

If all goes according to plan, medical applications of the technology behind Dolly could be on the market within three years. That is the view of PPL Therapeutics, the Scottish biotechnology company that created Dolly together with the neighbouring Roslin Institute, a government-funded research centre.

The first commercial application is scheduled to be a treatment for haemophilia. Heart drugs could follow, as well as a range of products

including nutritional supplements and organs that could be transplanted from animals to people. There could also be treatments for some genetic diseases.

All this from a sheep. Most people have met a clone: identical twins have exactly the same genes and are therefore clones of each other. What makes Dolly special is that she is the clone of a sheep six years older than she is.

Making her was not difficult - at least in principle. Roslin and PPL scientists took cells from an adult sheep's mammary gland - she was named after country and western singer Dolly Parton - and grew them in the laboratory. Separately, they took an unfertilised egg from another sheep and took out the nucleus, which contains the sheep's genes.

Then they put one of the cultured cells next to the unfertilised egg. A tiny electric current made the walls of the two cells fuse, giving the unfertilised egg the other cell's nucleus. The new egg was cultured so that it grew into an embryo, which was

implanted into a third sheep.

The PPL and Roslin scientists performed 277 cell fusions, which led to 29 eggs being implanted into 13 sheep. Just one got pregnant. That sheep gave birth to Dolly on July 5, 1996. Her historical significance is undeniable. The Science Museum in London has already asked permission to stuff her after she dies and put her on display.

But the process of cloning per se is not of much interest to PPL, says Mr Martyn Breeze, commercial director. What is important, he says, is the "nuclear transfer" technology that created her.

PPL's main business is genetically engineering sheep to produce medicines in their milk. Doctors would like to treat more patients with proteins derived from human blood, which is in short supply. PPL's solution is to engineer sheep genetically so that these proteins are produced in milk. The company already has a flock of more than 300 female sheep, each with a piece of human gene that triggers the production of a human

protein, called AAT, in their milk. Each sheep produces between 12 and 15 grammes of AAT in every litre.

PPL believes that AAT, which is already used for emphysema, could treat cystic fibrosis. This month AAT has entered its second clinical trial for this lung disease, which kills most victims before they are 20. Each patient is given about two grammes of AAT a week.

The difficulty for PPL is that the AAT flock took several generations to build up and the company could not conduct clinical tests until it had enough sheep to guarantee supplies. This is where the technology behind Dolly could become useful.

Nuclear transfer technology allows an entire flock to be created at the same time by putting identical cell nuclei into many eggs. Moreover, the technology would allow cows, which have a long breeding cycle, to be used. Cows produce more than 20 times as much milk as sheep.

One more scientific break-

through is needed. It is of no commercial use merely to create an instant flock of normal sheep like Dolly. PPL and Roslin want an instant flock in which each sheep has the human gene that produces human proteins in the milk. They do not need to clone adult sheep to do this. They can add human genes to cells taken from sheep embryos (not adults) before putting them into unfertilised eggs. The first such sheep should be born later this year.

The first protein to be produced in this way should be Factor IX, the treatment for haemophilia. A flock of sheep containing it in their milk could be born next spring; the drug could be submitted to health regulators in 1999 and be on the market in 2000.

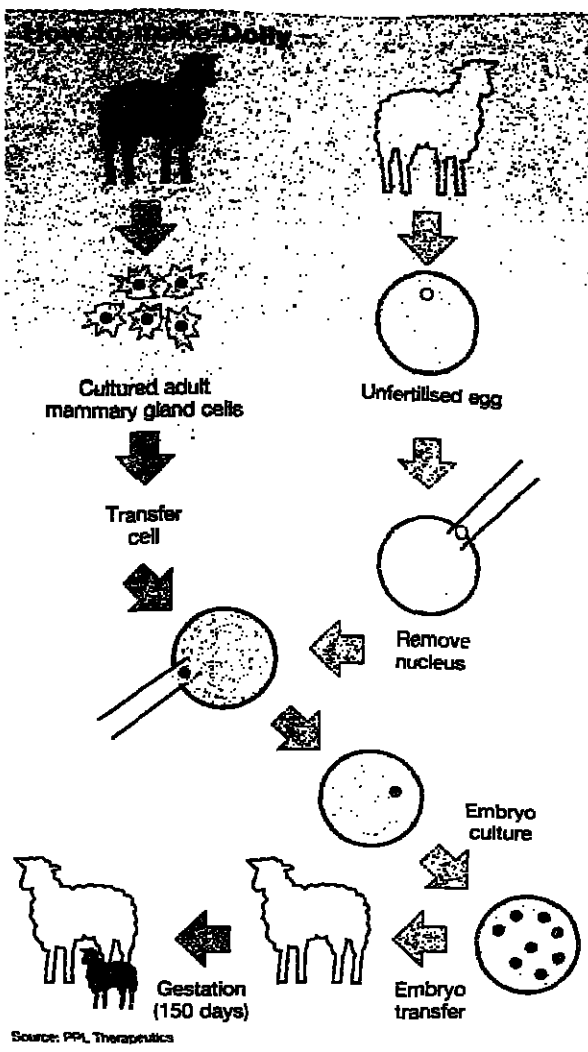
Mr Ron James, PPL's chief executive, is well aware that Dolly has created an ethical debate over cloning. He says that the advantage of nuclear transfer is that it does not require cloning of adult animals. "These sheep would not be genetically identical to any adult sheep

other than their sisters born at the same time - so this is not cloning," he says.

Dolly's mere existence, however, is a reminder that the PPL-Roslin technology could one day be applied to humans. There is already a religious cult advertising human cloning on the Internet at "only \$200,000". Mr James dismisses its members as cranks. He adds: "You'd need the co-operation of 30 women for every live birth. Besides, there are only 20 scientific groups in the whole world who could even consider doing this."

He is more interested in what Dolly can teach us about human ageing. She is the clone of a six-year-old sheep and some parts of her genetic make-up are six years older than she is. Signs of premature ageing, or lack of them, could have a profound influence on research into ageing.

But Dolly is not part of PPL's business plan because "nuclear transfer", rather than cloning, will bring in the money. PPL's objective is flocks and herds of living medicine factories.



Guy Dinmore meets King Zog's son, who has claimed Albania's throne in the post-election chaos

Arms and the 'monarch'

In his heavily guarded villa on the edge of Tirana, Albania's would-be king is holding court. King Leka is denouncing an attack on his supporters by special police units which he says were acting under the orders of the Socialists.

"We didn't come here with the intention of starting a war," declares the heir to the throne left vacant since his father, King Zog, fled Albania in 1939 as Mussolini's troops invaded.

One royalist was shot dead and five wounded in Thursday's gunfight, after monarchists gathered outside the headquarters of the central electoral commission. King Leka, who returned to Albania in March after 58 years of exile, insists he won last Sunday's referendum on restoring the monarchy.

He accuses the Socialists, who won the general elections held on the same day, of manipulating the vote and has vowed to take his complaint to the constitutional court. Most observers agree, however, that the violent events of this week have ended whatever chance the "king" had of winning his longed-for throne.

Seated beneath Albania's national flag, King Leka dismisses suggestions that he incited unrest by marching in military uniform at the head of several hundred well-armed supporters. "If we were carrying out an armed action, believe me our people would have been better equipped than just with the pistols," he says.

King Leka was just two days old when his father fled Albania. Since then, he has spent most of his time raising an army in exile in Johore, he has been expelled from Spain and jailed briefly in Thailand on



Military march: self-proclaimed King Leka (centre) walks through Tirana surrounded by armed supporters

charges related to gun-running. That was all communist propaganda, he says. "Don't bring up the old stories about drugs and gun-running. That's the pure Marxist-Leninist method of downgrading your opponent."

King Leka's campaign to capture the throne has become intertwined with a political wrangle between the Democratic party of President Sali Berisha and the Socialists, led by Mr Fatos Nano, a former Marxist economist. The morning after last Sunday's elections, when state television began showing Benny Hill reruns and Mickey Mouse cartoons, it became clear the president was in trouble. The silence meant the ruling Democrats had lost.

Eventually Mr Berisha, the former heart surgeon turned free-market leader, who had triumphantly ousted the communists in 1992, appeared on television to concede defeat. He appealed to supporters to accept the results with "courage and dignity" and hinted vaguely that he would resign.

It was just what most Albanians and all European governments had hoped for: the removal by ballot of the man who had seen his country plunge into chaos earlier this year when hundreds of thousands of people lost their savings in pyramid investment schemes.

Western election observers brushed aside incidents of violence, intimidation and attempted fraud, and pronounced the polls "adequate

and acceptable". For a moment it appeared the unthinkable had happened. Albania, after four months of chaos and more than 1,500 deaths, was behaving like a normal country.

That was an illusion. Albania, with its private armies and politically backed warlords - made rich by drug trafficking - soon showed it was more like Liberia or Colombia than Europe. The night after the elections heavy gunfire erupted from the compound of the presidential guard. Tracers lit up the night sky and the police's armoured personnel carriers rumbled up and down.

The next day, Socialist party leaders moved swiftly to quash rumours of a coup by Berisha loyalists. An

hour later an agitated and at-times incoherent Mr Berisha defended his orders to the presidential guard to secure the capital "from armed gangs".

Mr Berisha, until recently hailed by many as the saviour of his country, has lost favour with the west and with most of his own people. "We expelled the communist dictator Enver Hoxha but we found a new dictator in Berisha," says Roland, an artillery major reduced to selling cigarettes on Tirana's Boulevard of Martyrs. "Berisha created a conflict between north and south. He must not pit the Albanian people against each other."

When the coup failed to materialise, Tirana's streets began to fill again. Roland was busy selling cig-

arettes. And prostitutes in smart cars were luring soldiers of the cheerful but powerless Italian-led multinational force that had arrived in April to restore order.

That was when King Leka, an imposing figure at 6ft 8in, marched by in full military uniform, with a pistol and grenade at his belt on his way to a mass rally. One man fired a pistol into the air and moments later a gun battle was in full swing. Security forces with an ancient machine gun on a tripod fired into the air from a nearby football stadium. The monarchists replied by firing their Kalashnikovs.

With the usual language of hate and recrimination, the monarchists blame the Socialists, while the Socialists heap opprobrium on King Leka and Mr Berisha for provoking the incident.

Mr Abedin Mulosmanaj, the "minister of royal court", defends King Leka's heavily armed supporters. "In this country it is normal to carry a gun," he says. "When a child is born we put a gun under his pillow."

King Leka says he will continue to lead more marches until the authorities recognise the results of the referendum.

Asked about his declarations in favour of an ethnic "greater Albania", which would incorporate Albanians in Serbia and Macedonia, he says: "I stand for a united Albania." This, he says, "does not mean a declaration of war. If you take the steam valve off and the steam escapes, you don't have an explosion. But if you cap the valve, you do have an explosion."

Albania's neighbours will be watching nervously, waiting to see just how explosive the situation gets.

In need of a blueprint

GEC's new boss has plans for the company, say Ross Tieman and Bernard Gray

Tuesday will be Mr George Simpson's big day. The new managing director of the General Electric Company will stand up in front of City analysts to present his blueprint for GEC in the next century. With the future of one of Britain's largest industrial enterprises at stake, expectation in the City, and in industry, is running high.

This has mounted partly because Mr Simpson was brought into the company as a "can do" manager to fill the shoes of Lord Weinstock, who had run GEC for more than 30 years. Partly, too, because GEC is not an ordinary company. Many still see it as a bellwether of British engineering. Its fortunes are tied to the success of British manufacturing as a whole; but it has lost its direction in recent years.

What can Mr Simpson do to meet those expectations and give his followers a new lead? The answer is far from easy. As he must quickly have discovered when he joined the company, GEC is fenced in.

Around half of GEC's turnover is vested in joint ventures over which the company has very little operational control.

The two largest of these are the power engineering and trains group GEC Alsthom, which is jointly owned with Alcatel of France, and GPT, the telecoms venture with Siemens of Germany. These effectively require all parties to agree if any strategic decisions are to be made.

Another quarter of GEC is a lucky dip of industrial businesses, some good, some bad, some just ticking along. These are wholly owned, but do not add up to a significant whole.

The final slice of the company is GEC-Marconi, the defence electronics group, which must be Mr Simpson's prize asset. Marconi is wholly owned and occupies an important niche in the European defence electronics scene, but also has links to US industry.

Mr Simpson is bound to lay great emphasis on Marconi on Tuesday. He has entered the bidding to buy Siemens Plessey, the defence business which Siemens has put on the auction block; he is also rumoured to be interested in bits of Racal Electronics, which is likely to be broken up.

Such bolt-on acquisitions would combine well with a "get well" programme inside the division. This has been designed by Mr Peter Gershon, its managing director, to improve the quality of management and boost margins.

Taken together, the two moves would strengthen Marconi's negotiating position in the consolidation of the global defence industry which is under way.

If Marconi gets bigger and stronger over the next year or so, it will be better placed to negotiate deals with other defence partners such as the electronics group Thom-

son-CSF of France or British Aerospace.

Marconi will provide one kernel for growth and others may come from inside GEC's industrial mixed bag. Picker, the computer printer operation, and Gilbarco, the petrol pump company, are all good businesses that could be fully expanded if the right acquisitions could be found.

However, if acquisitions are to make a difference to a company with a turnover of more than £10bn, they will have to be substantial. Finance for such big deals could come from GEC's super-strong balance sheet, but disposals also seem likely, not least because of GEC's lack of control over partly-owned businesses.

As a result, the bad and the ugly from GEC's industrial group of businesses are likely to go, and the fate of the two large joint ventures must also be in question.

GPT is in some ways the easier of the two operations to sort out. While GEC owns 60 per cent of the business, it only operates in the UK, and Siemens has a free run in the rest of the world.

Such a situation is not sustainable in the long term, and the sale of the business to Siemens is probably only a matter of time and price.

GEC Alsthom is a little more difficult. Earlier this year Mr Serge Tchuruk, Alcatel's chairman, was keen to split the business up, with one parent taking power engineering and the other trains. But French executives say that Alcatel has now vetoed the idea.

Demerger or flotation of GEC Alsthom is another possibility. This was actively pursued by Lord Weinstock at one point and could yet become a possibility again if other avenues are blocked.

While Mr Simpson undoubtedly finds himself constrained, he has some options. Most of these push him in the direction of wholly owned defence and other electronics engineering businesses and away from general engineering and joint ventures.

Given the activity at the company's Stanhope Gate headquarters, which has been intensifying over recent months, some of these possibilities must be under consideration. Whether any of the complex transactions can be brought to fruition in time for Tuesday's unveiling seems more doubtful.

While Mr Simpson is likely to dispose of slow-moving businesses and reinvest in faster-growing areas, he must be careful not to become a target of a cash-hungry predator in the process.

In his first year at GEC, Mr Simpson has made progress in refreshing the company's board. He has promised to set out a clear strategy for the company's development next week. But setting out a strategy is one thing; delivering on it will be the hard part.

Mrs Wang Longzheng, a retired factory worker in Shanghai, remembers the drab days of Maoist China: "There was no make-up in the shops in the 1950s and 1960s. Nobody wore lipstick. Cosmetics were regarded as a capitalist thing."

For a generation, the women of Communist China were taught to shun lipstick, mascara and eyeshadow, which were regarded as symbols of a decadent western culture. But now that China has opened its doors to the world, beauty products are back. Today's young, professional Chinese women are self-aware, fashion-conscious and made-up.

"Every female wants to be beautiful," says Mr Masashi Kamata, head of Japanese group Shiseido in Shanghai. "But if you look at the middle-aged ladies on the streets here, they do not pay much attention to their clothes and how they look. It is the younger generation, exposed to office culture and fashion magazines, that knows how to enjoy life."

As young women have become interested in their own appearance, China has emerged as the world's fastest growing cosmetics market. Spending on cosmetics almost quadrupled between 1992 and 1996, with total sales last year valued at ¥18.1bn (\$2.2bn). This is still a fraction of the US and European markets, but demand is expected to keep rising by 22 per cent a year for the next five years, according to Datamonitor, the market research group.

Nearly three-quarters of sales last year were skincare products, in part because companies have promoted creams and lotions - which tend to command greater brand loyalty than colour cosmetics - and in part because skin

Splash of colour on changing face of China

The popularity of beauty products is growing among young, professional women, writes James Harding

treatments appeal to a wider spectrum of women than make-up. The typical lipstick buyer in China today is a woman aged 25 to 35, who lives in a big city and works in a service industry, with modest pay but relatively high disposable income. Revlon, the US group, estimates that target market comprises about 39m people.

Few companies, however, are yet targeting the small but growing market for male fragrances, skincare and haircare products.

Strong growth prospects are luring international cosmetics companies, which in recent months have poured into Shanghai, home of consumers with the most sophisticated tastes.

L'Oréal, the French haircare and cosmetics group, has recently started construction of a \$40m plant at Suzhou, just west of Shanghai. Revlon opened its Shanghai factory this year and launched a SuperLustrous lipstick, its first product made in China. Olay, the international fragrance company with headquarters in New York, has announced a \$15m joint venture with Yue-Sai Ran Cosmetics, one of the leading companies in China, and aims to open its Shanghai manufacturing facility next year.

Shiseido, which is considering building a factory in the area, will



Culture change: young women are no longer shunning lipstick

open its first beauty centre in Shanghai later this year. Mr Kamata says, "We have a lot of education to do here, to make the world more beautiful, to make women feel more beautiful."

Ms Guo Jing, senior consultant to Estée Lauder, the US cosmetics group, says consumers are learning fast how to use colour. Never-

serving the community," says Ms Nikki Ng, Revlon's general manager in Shanghai. "We have a lot of education to do here, to make the world more beautiful, to make women feel more beautiful."

theless, "China is a bit slow compared with other countries in Asia. There is still a lot of homework to do on how to look at a colour."

Chinese women tend to prefer bright colours, particularly reds which are traditionally associated with good fortune. They are slowly coming round to pink and brown lipsticks and eyeshadows in cool colours, such as light blues and greys, according to Ms Guo.

Most international companies are tailoring their products to Chinese tastes. L'Oréal has emphasised how its skincare products use a special oil-free formula to combat the greasy skin that can be caused by Chinese cuisine and humid climate. Advertisements for a number of brands have stressed how their lotions will whiten skin, appealing to the Chinese liking for pale complexions. Shiseido, with its mid-market Chinese brand Anpres, emphasises its experience with Asian women.

At this stage in the market's development, however, the critical distinction for most Chinese buyers is price. In the lower and mid-range cosmetics markets, local producers, such as Shanghai Jahwa, dominate the market. The sales manager of a local merchandising company explains: "Chinese-made cosmetics are cheaper. Most Chinese people, restricted by their income, will use middle or lower-class products."

However, Ms Chen Jian, of the Zhengzhou Comprehensive Beauty Institute, one of more than 2,000 beauty salons in Shanghai, says younger women would prefer higher-quality, foreign products: "Most ladies coming to my beauty clinic like to use foreign cosmetics. They believe a suitable lipstick can make them look more energetic or, perhaps we can say, sexy."

COMMODITIES AND AGRICULTURE

Gold prices tumble to 12-year low

MARKETS REPORT

By Deborah Hargreaves
in London and
Bruce Jacques in Sydney

Gold prices tumbled to a 12-year low yesterday following the disclosure by Australia's central bank on Thursday that it had sold two-thirds of its gold reserves over the past six months.

Prices at the London Metal Exchange slipped \$7 per ounce to \$324.50. "This is a momentous news - it's a genuine shock. If Australia is not keen on gold, who is?" said Mr. Andy Smith of UBS in London.

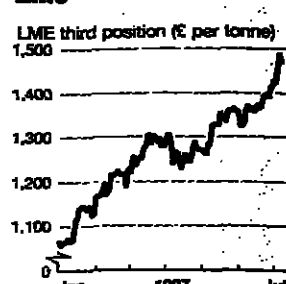
The Australian Reserve Bank's revelation that it had sold 167 tonnes of its 247-tonne stockpile exacerbated recent weakness in the gold market. Sales by other central banks in Europe have pushed down prices, but analysts shrugged them off as part of the banks' attempts to meet EMU criteria.

"Now, these Australian sales reveal a profound change of heart among central banks over gold - moving away from the sentimental view of the metal to a more cold-hearted approach which can only be bad for the price," said Mr. Smith.

Gold is Australia's second largest export commodity (after coal), with shipments worth about \$8.5bn (US\$5.8bn) in the year to June.

The Association of Mining and Exploration Companies said the Reserve Bank's sales had pushed a cyclical downturn in gold deeper than it would have gone.

Zinc



LME third position (£ per tonne)

SOURCE: WAREHOUSE STOCKS

Commodity	Change
Aluminium	-0.075
Aluminium alloy	-0.80
Copper	-2.00
Lead	-0.75
Nickel	-0.35
Zinc	-12.00
Tin	+10

*Thursday's change

Mr. George Savell, chief executive of AMEC, said some marginal gold operations would close. "A lot of association members... are amazed that a Federal Government so dependent on the gold industry would be so stupid to do what they have done."

Mr. Joseph Gutnick, a leading Australian gold mining executive, predicted a recovery in the gold price and said the Reserve Bank's action could ultimately prove an embarrassment. "I'm very disappointed by the decision of the Reserve Bank," he said. "They have shown a lack of confidence in gold."

Trading in other metals was quiet yesterday as the US markets remained closed for the July 4 holiday. Zinc prices consolidated their gains after rising to a 6% high on Thursday.

WEEKLY PRICE CHANGES

Commodity	Change	Year	1997
Gold per troy oz.	\$234.50	-12.05	\$232.25
Silver per troy oz.	\$269.50	-15.00	\$311.50
Aluminium 99.7% (cash)	\$1584.0	+38.5	\$1545.5
Copper Grade A (cash)	\$2569.5	-2.0	\$2571.5
Lead (cash)	\$848.5	+38.0	\$780.5
Nickel (cash)	\$848.5	-5	\$853.0
Zinc SHG (cash)	\$1458.0	+50.5	\$1407.5
Tin (SHG)	\$5485.0	-20.0	\$5505.0
Cocoa Futures Jul	\$1022.0	-102	\$1124.0
Coffee Futures Jul	\$1178.0	-1178	\$1295.0
Sugar (LDP Raw)	\$268.0	-4.40	\$309.50
Barley Futures Sep	\$78.00	-3.75	\$110.50
Wheat Futures Jul	\$80.25	-1.00	\$110.25
Wool (4% Super)	\$424.0	-4.00	\$434.0
Oil (Brent)	\$18.05x	-0.015	\$18.06x

Per tonne unless otherwise stated. * Pence/ha, c Cents lb, x Aug.

BASE METALS

LONDON METAL EXCHANGE

(Prices from Antwerp Metal Trading)

ALUMINIUM 99.7 PURITY (\$ per tonne)

Cash	3 mths
1583.5-84.5	1605-07
1587-8	1609-10
1600/1587	1605-07
1583.5-84.5	1605-07

ALUMINIUM ALLOY (\$ per tonne)

Cash	3 mths
1415-25	1445-55
1427-32	1450-6
1413	1450
1415-25	1445-55

LEAD (\$ per tonne)

Cash	3 mths
648-49	657-58
648-49	657-58
648-49	657-58
648-49	657-58

NICKEL (\$ per tonne)

Cash	3 mths
6835-45	6945-55
6835-45	6945-55
6835-45	6945-55
6835-45	6945-55

COPPER (\$ per tonne)

Cash	3 mths
2558-61	2405-07
2558-61	2405-07
2558-61	2405-07
2558-61	2405-07

LME ALUMINIUM 99.7 (\$ per tonne)

Cash	3 mths
1415-25	1445-55
1427-32	1450-6
1413	1450
1415-25	1445-55

LME LEAD 99.5 (\$ per tonne)

Cash	3 mths
648-49	657-58
648-49	657-58
648-49	657-58
648-49	657-58

LME NICKEL 99.9 (\$ per tonne)

Cash	3 mths
6835-45	6945-55
6835-45	6945-55
6835-45	6945-55
6835-45	6945-55

LME COPPER 99.9 (\$ per tonne)

Cash	3 mths
2558-61	2405-07
2558-61	2405-07
2558-61	2405-07
2558-61	2405-07

LME ZINC 99.9 (\$ per tonne)

Cash	3 mths
1415-25	1445-55
1427-32	1450-6
1413	1450
1415-25	1445-55

LME TIN 99.5 (\$ per tonne)

Cash	3 mths
5485-0	5505-0
5485-0	5505-0
5485-0	5505-0
5485-0	5505-0

LME SILVER 999.5 (\$ per troy ounce)

Cash	3 mths
234.50	232.25
234.50	232.25
234.50	232.25
234.50	232.25

LME GOLD 999.9 (\$ per troy ounce)

Cash	3 mths
324.50	322.25
324.50	322.25
324.50	322.25
324.50	322.25

LME PLATINUM 999.5 (\$ per troy ounce)

Cash	3 mths
1115.00	1112.50
1115.00	1112.50
1115.00	1112.50
1115.00	1112.50

LME PALLADIUM 999.5 (\$ per troy ounce)

Cash	3 mths
1115.00	1112.50
1115.00	1112.50
1115.00	1112.50
1115.00	1112.50

LME IRIDIUM 999.5 (\$ per troy ounce)

Cash	3 mths
1115.00	1112.50
1115.00	1112.50
1115.00	1112.50
1115.00	1112.50

LME RHODIUM 999.5 (\$ per troy ounce)

Cash	3 mths
1115.00	1112.50
1115.00	1112.50
1115.00	1112.50
1115.00	1112.50

LME ROSEMARY 999.5 (\$ per troy ounce)

Cash	3 mths
1115.00	1112.50
1115.00	1112.50
1115.00	1112.50
1115.00	1112.50

LME SODIUM 99.9 (\$ per troy ounce)

Cash	3 mths
1115.00	1112.50
1115.00	1112.50
1115.00	1112.50
1115.00	1112.50

LME POTASSIUM 99.9 (\$ per troy ounce)

Cash	3 mths
1115.00	1112.50
1115.00	1112.50
1115.00	1112.50
1115.00	1112.50

LME CALCIUM 99.9 (\$ per troy ounce)

Cash	3 mths
1115.00	1112.50
1115.00	1112.50
1115.00	1112.50
1115.00	1112.50

LME MAGNESIUM 99.9 (\$ per troy ounce)

Cash	3 mths
1115.00	1112.50
1115.00	1112.50
1115.00	1112.50
1115.00	1112.50

LME BARIUM 99.9 (\$ per troy ounce)

Cash	3 mths
1115.00	1112.50
1115.00	1112.50
1115.00	1112.50
1115.00	1112.50

LME STRONTIUM 99.9 (\$ per troy ounce)

Cash	3 mths
1115.00	1112.50
1115.00	1112.50
1115.00	1112.50
1115.00	1112.50

LME LITHIUM 99.9 (\$ per troy ounce)

Cash	3 mths
1115.00	1112.50
1115.00	1112.50
1115.00	1112.50
1115.00	1112.50

LME BERYLLIUM 99.9 (\$ per troy ounce)

Cash	3 mths
1115.00	1112.50
1115.00	1112.50
1115.00	1112.50
1115.00	1112.50

LME TUNGSTEN 99.9 (\$ per troy ounce)

Cash	3 mths
1115.00	1112.50
1115.00	1112.50
1115.00	1112.50
1115.00	1112.50

LME MANGANESE 99.9 (\$ per troy ounce)

Cash	3 mths
1115.00	1112.50
1115.00	1112.50
1115.00	1112.50
1115.00	1112.50

LME CHROMIUM 99.9 (\$ per troy ounce)

Cash	3 mths
1115.00	1112.50
1115.00	1112.50
1115.00	1112.50
1115.00	1112.50

LME VANADIUM 99.9 (\$ per troy ounce)

Cash	3 mths
1115.00	1112.50
1115.00	1112.50
1115.00	1112.50
1115.00	1112.50

LME COBALT 99.9 (\$ per troy ounce)

Cash	3 mths
1115.00	1112.50
1115.00	1112.50
1115.00	1112.50
1115.00	1112.50

LME NIOBIUM 99.9 (\$ per troy ounce)

Cash	3 mths
1115.00	1112.50
1115.00	1112.50
1115.00	1112.50
1115.00	1112.50

LME TANTALUM 99.9 (\$ per troy ounce)

Cash	3 mths
1115.00	1112.50
1115.00	1112.50
1115.00	1112.50
1115.00	1112.50

LME MOLYBDENUM 99.9 (\$ per troy ounce)

Cash	3 mths
1115.00	1112.50
1115.00	1112.50
1115.00	1112.50
1115.00	1112.50

LME ZIRCONIUM 99.9 (\$ per troy ounce)

Cash	3 mths
1115.00	1112.50
1115.00	1112.50
1115.00	1112.50
1115.00	1112.50

LME HAFNIUM 99.9 (\$ per troy ounce)

Cash	3 mths
1115.00	1112.50
1115.00	1112.50
1115.00	1112.50
1115.00	1112.50

Precious Metals continued

GOLD COMEX (100 Troy oz. \$/troy oz.)

Cash	3 mths
324.50	322.25
324.50	322.25
324.50	322.25
324.50	322.25

SILVER COMEX (100 Troy oz. \$/troy oz.)

Cash	3 mths
234.50	232.25
234.50	232.25
234.50	232.25
234.50	232.25

PLATINUM COMEX (100 Troy oz. \$/troy oz.)

Cash	3 mths
1115.00	1112.50
1115.00	1112.50
1115.00	1112.50
1115.00	1112.50

PALLADIUM COMEX (100 Troy oz. \$/troy oz.)

Cash	3 mths
1115.00	1112.50
1115.00	1112.50
1115.00	1112.50
1115.00	1112.50

IRIDIUM COMEX (100 Troy oz. \$/troy oz.)

Cash	3 mths
1115.00	1112.50
1115.00	1112.50
1115.00	1112.50
1115.00	1112.50

RHODIUM COMEX (100 Troy oz. \$/troy

Sterling gains

MARKETS REPORT

By Richard Adams and Wolfgang Münchauer

Sterling continued its show of strength on the foreign exchange markets yesterday, rising another 1.5 pence to reach its highest level in six years against the German D-Mark.

The pound closed at DM2.96, but against the US dollar, sterling was more subdued. It gained less than half a cent, ending the day in London at \$1.6577.

Analysts said holiday-thinned markets on the US Independence Day contributed to calmer trading conditions, but further sterling gains were forecast.

The D-Mark weakened against the dollar, ending trading at DM1.7539, down half a pence.

The D-Mark also weakened against the yen, falling to within a whisker of the 1997 low of ¥64.66 it set in June.

Due to the US public holiday, the US dollar was little changed against the Japanese yen, despite a Japanese official saying that no consideration is currently being given to raising interest rates there. Japan's official discount rate of 0.5 per cent is the lowest in the world.

Sterling has risen nearly 3

per cent against the D-Mark in the last three trading days, closing at DM2.96 for the first time in six years.

The pound's inconvertible rise gained pace following the budget on Wednesday, which was seen by analysts as placing the burden of

curbing domestic demand on

monetary policy.

"The real test for the latest budget on the consumer sector is probably around £1bn," according to economists at the Bank of America in London. "The budget has failed to tackle the principal threat to inflation and has left the onus on monetary policy."

Traders said the market had discounted up to a 50 basis point rise after the Bank of England monetary policy meeting next week.

At the short end of the

yield curve, September contracts for short sterling

interest rate futures were acknowledged that German inflation was no danger of picking up, although he said the Bundesbank closely watched dollar-denominated import prices.

Mr Issing believes that the German economy is now set for a robust period of growth, a view shared by several economists but which has not yet translated into sentiment on the foreign exchange markets.

member of the Bundesbank's

directorates and an iron

monetarist, yesterday acknowledged that German inflation was no danger of picking up, although he said the Bundesbank closely watched dollar-denominated import prices.

Mr Issing believes that the German economy is now set for a robust period of growth, a view shared by several economists but which has not yet translated into sentiment on the foreign exchange markets.

which continue to focus on

the possibility of a soft

single European currency and the German government's political difficulties.

In an unusually clear comment, Mr Issing said the discount rate is at 2.5 per cent - had bottomed out. He said that a cut in short-term rates could be counter-productive by triggering a rise in long-term rates, since it would fuel inflationary expectations in the capital markets.

POUND SPOT FORWARD OFFERS

Jul 4 Closing mid-point on day

Europe																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																							
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UNIT TRUSTS

WINNERS AND LOSERS

TOP FIVE OVER 1 YEAR

HSBC Hong Kong Growth	1,633
Investco Hong Kong & China	1,361
Gowett Greater China	1,422
Henry Cooke Eastern Enterprise	1,351
Fleming Select Latin America	1,350

BOTTOM FIVE OVER 1 YEAR

Old Mutual Thailand Acc	422
Save & Prosper Gold & Exp	541
Mercury Gold & General	620
F&G Japanese Smaller Cos	632
Schroder Japan Small Cos Acc	653

Mercury Gold & General



TOP FIVE OVER 3 YEARS

Hill Samuel US Smaller Cos	2,499
PM North America Growth	2,358
Prolific Technology	2,336
Framlington Health	2,275
HSBC Hong Kong Growth	2,253

BOTTOM FIVE OVER 3 YEARS

Old Mutual Thailand Acc	485
Save & Prosper Korea	511
Fidelity Japan Smaller Cos	512
Gowett Japan Strategy	522
Five Arrows Japan Smaller Cos	522

Prolific Technology



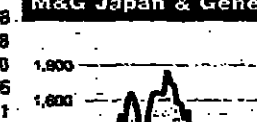
TOP FIVE OVER 5 YEARS

Prolific Technology	4,168
Gannore American Emer Growth	4,108
HSBC Hong Kong Growth	4,050
PM North America Growth	3,805
Hill Samuel US Smaller Cos	3,781

BOTTOM FIVE OVER 5 YEARS

Gowett Japan Strategy	1,017
Friends Prov Japanese Sm Cos	1,077
Barclays UK Japan Inc	1,080
Fidelity Japan Smaller Cos	1,107
M&G Japan & General Acc	1,148

M&G Japan & General



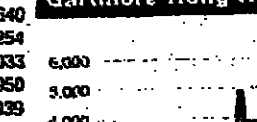
TOP FIVE OVER 10 YEARS

HSBC Hong Kong Growth	6,640
F&G US Small Companies	6,250
Hill Samuel US Smaller Cos	6,033
Gannore Hong Kong	5,950
Framlington Health	5,039

BOTTOM FIVE OVER 10 YEARS

Waverley Australian Gold	433
Barclays UK Japan Inc	588
Allied Dunbar 2nd Smaller Co	743
Lawrence Keen Emer Spec Sits	769
Mercury Japan	790

Gartmore Hong Kong



Tables show the result of investing £1,000 over different time periods. Trusts are ranked on 3-year performance. Warning: past performance is not a guide to future performance.

Source: Reuters Hindsight (01625 511311)

Indices

Index	1 year	3	5	10	Volatility	Yield
Average Unit Trust	1048	1331	1962	2220	3.1	2.5
Average Investment Trust	1115	1345	2156	2512	4.5	5.1
Bank	1033	1112	1206	1833	0.0	4.3
Building Society	1030	1110	1212	1836	0.0	4.0
Stockmarket: FTSE All-Share	1242	1690	2199	2633	2.5	3.5
Inflation	1028	1084	1126	1541	0.4	-

UK Growth

Trust	1 year	3	5	10	Volatility	Yield
Johnson Fry Slater Growth	1267	1991	2442	-	3.5	0.9
Jupiter UK Growth	1048	1301	2007	-	2.9	1.9
Perpetual UK Emerg	1185	1620	2778	-	2.5	2.8
Barclays Uni Special Sits	1137	1720	2471	1870	2.8	2.0
Sarwa UK Growth	1019	1713	2140	-	2.7	1.8
SECTOR AVERAGE	1097	1486	1951	1953	2.7	1.8

UK Growth & Income

Trust	1 year	3	5	10	Volatility	Yield
Fleming Select UK Income	1277	1765	2254	2324	2.7	3.7
Perpetual Income	1184	1706	2441	2570	2.4	2.8
HSBC Footnote Fund	1290	1656	-	-	2.6	2.6
Lazard UK Income & Growth	1147	1655	2074	2282	2.6	3.3
Legal & General UK Stockmkt Acc	1288	1652	-	-	2.7	1.4
SECTOR AVERAGE	1139	1487	1906	2150	2.6	2.6

UK Smaller Companies

Trust	1 year	3	5	10	Volatility	Yield
Laurence Keen Smaller Cos	1057	1841	-	-	2.9	1.2
Gartmore UK Smaller Companies	1071	1761	2303	1707	3.4	0.3
INVESTCO UK Smaller Companies	1022	1735	2541	1687	3.8	1.3
AES Smaller Companies	975	1711	2094	-	3.0	0.9
Britanna Smaller Co's Acc	1013	1564	2645	1927	3.1	0.4
SECTOR AVERAGE	992	1312	1877	1556	2.9	1.6

UK Equity Income

Trust	1 year	3	5	10	Volatility	Yield
Jupiter Income	1127	1876	3305	-	2.6	4.0
Lazard UK Income	1145	1672	2196	2692	2.5	4.2
Royal Life High Income (Dis)	1187	1656	2144	2055	2.4	3.6
Britanna High Yield Inc	1126	1635	2341	2809	2.4	3.9
BWD UK Equity Income	1197	1626	2166	2358	2.7	3.4
SECTOR AVERAGE	1125	1441	1930	2152	2.5	4.4

UK Equity & Bond Income

Trust	1 year	3	5	10	Volatility	Yield
Clear Med Retirement Income Inc	1151	1472	1928	-	2.7	5.6
Prolific Extra Income	1074	1466	1912	2009	2.1	4.4
Abbey National Extra Income	1191	1468	2176	2525	2.2	6.1
Cazenove UK Equity & Bond	1114	1447	-	-	3.0	5.4
CIS UK Income	1156	1443	1862	-	2.2	4.1
SECTOR AVERAGE	1099	1333	1757	1849	2.1	5.4

UK Eq & Bd

Trust	1 year	3	5	10	Volatility	Yield
BWD Balanced Portfolio	1154	1669	2350	-	3.0	1.4
Perpetual High Income	1175	1603	2380	-	2.0	3.2
Credit Suisse High Income Port	1082	1540	2184	-	2.4	4.3
Canlife Income Dis	1193	1497	1877	1986	2.0	3.4
Sun Life Managed Inc & Gr Inc	1154	1447	1858	2297	2.6	2.7
SECTOR AVERAGE	1118	1449	1968	2062	2.3	3.0

UK Fixed Interest

Trust	1 year	3	5	10	Volatility	Yield
M&G Corporate Bond	1165	1392	-	-	1.8	6.8
Abnvest Fixed Interest	1090	1336	2054	2435	1.5	8.5
Thornion Preference Inc	1085	1325	1859	2262	1.8	8.3
Britanna Gilt & Fixed Int Inc	1085	1314	1381	-	1.6	7.8
Allied Dunbar Conv & Gilt	1072	1295	1613	1650	2.2	3.7
SECTOR AVERAGE	1074	1251	1484	1960	1.7	6.7

UK Gilt

Trust	1 year	3	5	10	Volatility	Yield
M&G Gilt & Fixed Interest	1144	1362	1442	1969	1.9	6.2
Gartmore PS Fixed Interest	1120	1304	1444	-	1.7	7.0
Murray Acumen Reserve	1100	1294	1433	-	1.4	6.8
Schroder Gilt & Fixed Int Acc	1073	1268	1391	-	1.8	7.2
Mercury Long-Dated Bond	1116	1264	-	-	2.1	5.7
SECTOR AVERAGE	1066	1215	1368	1957	1.5	5.9

International Equity Income

Trust	1 year	3	5	10	Volatility	Yield
Martin Currie Int'l Income	1142	1445	2056	-	2.5	3.3
GT International Income Inc	1099	1444	2144	2606	2.3	2.1
Dolphin Int'l Gilt & Income	1067	1399	1962	1483	2.6	1.3
Mayflower Global Income	1090	1380	2007	2092	2.3	3.4
M&G International Income	1092	1334	2054	2526	2.3	4.1
SECTOR AVERAGE	1097	1349	1973	2087	2.4	2.9

International Fixed Interest

Trust	1 year	3	5	10	Volatility	Yield
Baring Global Bond	1026	1256	1631	-	1.5	6.2
Old Mutual Worldwide Bond Inc	1004	1227	1484	-	1.7	5.0
Barclays Uni European Bond Inc	1055	1218	-	-	1.0	5.7
TSB International Income Inc	978	1171	1439	-	1.5	4.5
Newton International Bond	1018	1170	1523	-	2.1	5.7
SECTOR AVERAGE	991	1088	1372	1667	1.8	5.2

International Equity & Bond

Trust	1 year	3	5	10	Volatility	Yield
Bank of Ireland Ex Mgd Growth	1121	1504	2053	-	2.0	2.4
Fleming Global Opportunities	1163	1456	1904	-	2.3	3.2
Baillie Gifford Managed	1107	1430	1871	2367	2.3	2.5
Capel-Cure Hallmark Growth	1174	1414	1784	2078	2.3	1.6
Gartmore PS Long Term Balance	1117	1411	1986	-	2.2	2.7
SECTOR AVERAGE	1070	1312	1748	2139	2.1	2.4

International

Trust	1 year	3	5	10	Volatility	Yield
Prolific Technology	919	2336	4168	4469	8.5	-
Framlington Health	880	2275	2836	5039	6.9	-
Save & Prosper Financial Secs	1323	1963	3182	3141	3.0	1.3
Save & Prosper Growth	1293	1903	2974	3022	2.7	1.8
Framlington Financial	1206	1717	3063	3903	2.7	0.9
SECTOR AVERAGE	1063	1325	2058	2244	3.2	1.0

Nth America

Trust	1 year	3	5	10	Volatility	Yield
Hill Samuel US Smaller Co's	1012	2499	3781	6033	5.2	-
PM North America Growth	1169	2358	3806	4821	4.3	0.1
Edinburgh North American	1146	2065	3468	3502	3.4	0.8
Gannore American Emer Gth	939	2052	4108	4838	6.0	-
Royal Life United States	1178	1967	3532	3722	3.8	0.3
SECTOR AVERAGE	1087	1675	2800	3036	3.9	0.5

Europe

Trust	1 year	3	5	10	Volatility	Yield
Jupiter European	1118	2054	3228	4890	3.1	0.2
Friends Prov European Gth	1187	1941	2733	-	2.8	-
Saving Europe Select	1090	1922	2917	3067	2.5	0.8
Allied Dunbar European Growth	1149	1912	2883	2994	3.7	0.1
Gartmore European Sel Opps	1163	1879	3014	3290	2.7	-
SECTOR AVERAGE	1123	1545	2267	2816	3.0	0.7

Japan

Trust	1 year	3	5	10	Volatility	Yield
GT Japan Growth	940	943	1885	1485	3.5	-
Martin Currie Japan	925	939	2053	-	5.4	-
Henderson Exempt Japan	863	909	1751	1172	5.3	-
Schroder Tokyo Inc	903	882	1926	2138	5.0	-
Murray Japan Growth	883	879	-	-	4.5	-
SECTOR AVERAGE	803	720	1449	1220	5.2	0.2

Far East inc Japan

Trust	1 year	3	5	10	Volatility	Yield
Gowett Greater China	1422	1510	3068	3515	4.8	-
At'nust Pacific	903	1136	2248	3080	3.9	0.3
Schroder Far East Growth Inc	927	1096	2418	-	4.3	-
Martin Currie Far East	1021	1053	2067	2295	4.6	0.2
Thornion Oriental Income Inc	1017	1053	1687	2082	3.4	3.5
SECTOR AVERAGE	929	987	1934	2114	4.2	0.8

Far East exc Japan

Trust	1 year	3	5	10	Volatility	Yield
HSBC Hong Kong Growth	1633	2253	4050	6540	6.4	0.2
INVESTCO Hong Kong & China	1581	1788	3128	4051	6.3	0.3
GT Orient Acc	1149	1652	3221	-	5.5	0.1
Old Mutual Hong Kong	1307	1641	2840	4890	6.5	0.6
Gartmore Hong Kong	1325	1587	2827	5950	6.1	0.7
SECTOR AVERAGE	974	1144	2274	3374	5.2	0.7

Best Pops

Trust	1 year	3	5	10	Volatility	Yield
Jupiter European	1118	2054	3228	-	3.1	0.2
Johnson Fry Slater Growth	1267	1991	2442	-	3.5	0.9
Save & Prosper Financial Secs	1323	1963	3182	-	3.0	1.3
Friends Prov European Gth	1187	1941	2733	-	2.8	-
Allied Dunbar European Growth	1149	1912	2883	-	3.7	0.1
AVERAGE UT PEP	1068	1436	1978	-	2.6	2.8

Property

■ Property		1 year	3	5	10	Volatility	Yield
-	Abnvest Property Share	1178	1219	2239	-	3.0	1.9
7	Barclays Uni Property	1049	1135	1316	-	0.9	5.5
6	Norwich Property	1064	1089	1458	-	1.1	5.8
-	SECTOR AVERAGE	1084	1147	1671	-	1.7	4.0
3							
5							

Authorised Unit Trusts

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AUTHORISED UNIT TRUSTS

Unit Name: Price: % Chg: 1m: 3m: 6m: 12m: YTD: 1997: 1996: 1995: 1994: 1993: 1992: 1991: 1990: 1989: 1988: 1987: 1986: 1985: 1984: 1983: 1982: 1981: 1980: 1979: 1978: 1977: 1976: 1975: 1974: 1973: 1972: 1971: 1970: 1969: 1968: 1967: 1966: 1965: 1964: 1963: 1962: 1961: 1960: 1959: 1958: 1957: 1956: 1955: 1954: 1953: 1952: 1951: 1950: 1949: 1948: 1947: 1946: 1945: 1944: 1943: 1942: 1941: 1940: 1939: 1938: 1937: 1936: 1935: 1934: 1933: 1932: 1931: 1930: 1929: 1928: 1927: 1926: 1925: 1924: 1923: 1922: 1921: 1920: 1919: 1918: 1917: 1916: 1915: 1914: 1913: 1912: 1911: 1910: 1909: 1908: 1907: 1906: 1905: 1904: 1903: 1902: 1901: 1900: 1899: 1898: 1897: 1896: 1895: 1894: 1893: 1892: 1891: 1890: 1889: 1888: 1887: 1886: 1885: 1884: 1883: 1882: 1881: 1880: 1879: 1878: 1877: 1876: 1875: 1874: 1873: 1872: 1871: 1870: 1869: 1868: 1867: 1866: 1865: 1864: 1863: 1862: 1861: 1860: 1859: 1858: 1857: 1856: 1855: 1854: 1853: 1852: 1851: 1850: 1849: 1848: 1847: 1846: 1845: 1844: 1843: 1842: 1841: 1840: 1839: 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-14: -15: -16: -17: -18: -19: -20: -21: -22: -23: -24: -25: -26: -27: -28: -29: -30: -31: -32: -33: -34: -35: -36: -37: -38: -39: -40: -41: -42: -43: -44: -45: -46: -47: -48: -49: -50: -51: -52: -53: -54: -55: -56: -57: -58: -59: -60: -61: -62: -63: -64: -65: -66: -67: -68: -69: -70: -71: -72: -73: -74: -75: -76: -77: -78: -79: -80: -81: -82: -83: -84: -85: -86: -87: -88: -89: -90: -91: -92: -93: -94: -95: -96: -97: -98: -99: -100: -101: -102: -103: -104: -105: -106: -107: -108: -109: -110: -111: -112: -113: -114: -115: -116: -117: -118: -119: -120: -121: -122: -123: -124: -125: -126: -127: -128: -129: -130: -131: -132: -133: -134: -135: -136: -137: -138: -139: -140: -141: -142: -143: -144: -145: -146: -147: -148: -149: -150: -151: -152: -153: -154: -155: -156: -157: -158: -159: -160: -161: -162: -163: -164: -165: -166: -167: -168: -169: -170: -171: -172: -173: -174: -175: -176: -177: -178: -179: -180: -181: -182: -183: -184: -185: -186: -187: -188: -189: -190: -191: -192: -193: -194: 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WEEK
Hc



Buttoned-up Will

'It is no longer possible for him to go out in public without people trying to speak to him.'



Fashion from the rag-bag

'Several established labels have latched on to the popularity of the vintage look in recent seasons.'



Rising of the rustics

'The gumboot is on the other foot. The sons and daughters of the working class are the political masters now.'

Page III

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Page XXIV

How the east was won

It began with California dreaming and a German ascetic; it ended in hugs and tears. Bruce Clark on a triumph for personal alliances

Santa Monica, March 1993. They call it the People's Republic of Santa Monica or Soviet Monica. It's a seductive mixture of freshly squeezed fruit juice, a rent-protected lower middle class and a beach so wide you almost need to take a bus to get your feet wet. Santa Monica is London's Islington with a sun tan and a personal trainer called Chad.

The Santa Monicans, who include acted-out exiles from the grubbiness of Hollywood and ageing rockers retreating from the relentless overload of the East Coast, share the beach with defence boffins. In long shorts and open-necked floral shirts, they bring ambitious ideas about international harmony, and stock sophisticated war scenarios, in case utopia should happen to fail.

The boffins' bunker is the box-like, beach-side headquarters of the Rand Corporation, which came to prominence in the 1960s as the Pentagon's think-tank of choice. Unmistakably Californian in outlook, its pundits are encouraged to challenge taboos and ask the big, bold questions about the future of conflict.

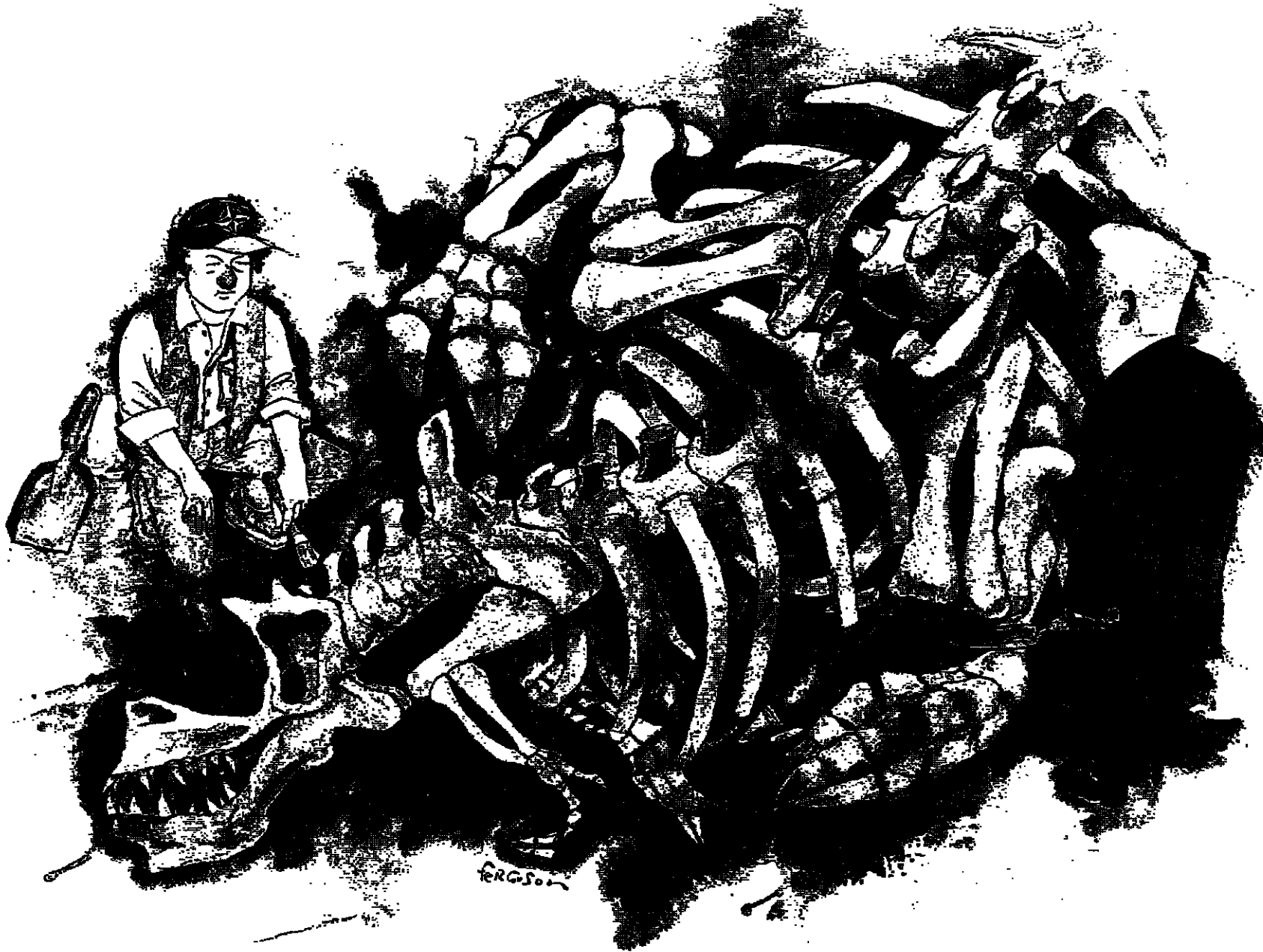
In cold war times, Rand was kept busy by Vietnam, nuclear deterrence and the endless fantasy scenarios inspired by Star Wars technologies. But by early 1993, with the newly installed President Clinton promising to focus "like a laser" on the economy, defence was for downsizing. The Russians were going home, and Nato, the North Atlantic Treaty Organisation, had lost much of its reason for being: keeping the Russians out, the Americans in and the Germans down.

With demand flagging for classical war theories, Rand specialists turned their hand to a fundamental redrawing of Europe's political and military map - with Germany at the centre, not the edge, flanked by a friendly France and new Nato members from the old Soviet bloc. The east was won without a shot being fired.

But the most important geo-political shift of the late 20th century was not a foregone conclusion. Nato could have disintegrated, the US could have abandoned European defence, Europe could have dissolved into quarrelling fiefdoms, and Russia could have been pushed to the brink. Instead, history turned favourably on a chance meeting of minds and a couple of unlikely personal relationships. Personal chemistry made international policy.

The formalities of the agreement will come this week when Nato heads of government and would-be members meet in Madrid to invite Poland, Hungary and the Czech Republic to join the western military club. But this meeting has its origins in an odd combination of California dreaming at the Rand Corporation and the determination of another distant defence theorist, a German, who was thinking much the same thing at the same time.

Like many natives of Hamburg, Volker Ruhe was at home in the English-speaking world. He spoke the language with formidable, almost pedantic fluency, as one would expect from a former schoolteacher and pupil



of Hurstpierpoint public school in southern England. But the German defence minister was no sun-bleached dreamer; his style was Doc Martens, conservative suits and vigorous bicycling holidays on chilly North Sea islands.

Careless flamboyance was unthinkable for the steward of Germany's armed forces. Every move, every word had to be weighed. In March 1993, Ruhe addressed the Strategic Studies in London, often a forum for the hypothetical. That he was one of the first to call for Nato enlargement was no guarantee that anything would come to pass, though his words worried Britons reluctant to accept changes that would lessen London's clout.

"Without our neighbours in central and eastern Europe, the strategic unity of Europe would remain a torso and an illusion," Ruhe said. About the same time, he happened across an early draft of a paper on Nato's future by three Rand analysts that dovetailed neatly with his own ideas.

Ruhe asked the trio to flesh out their thinking - while to outsiders they may have been just fiddling with an acronym "Nato", the theorists knew that they were attempting to plot the future of Europe. Just as Pentagon contracts were drying up, the German defence minister became the first non-American to hire the corporation's military expertise.

There was a third piece in this policy and personality jigsaw. Ruhe and his Californian soul-mates had an important friend - Richard

Holbrooke, a former New York banker who became US ambassador to Bonn. With a bond dealer's instinct for spotting a trend, and leveraging it, Holbrooke came to share the German's view that Washington and Bonn must co-manage the volatile area between Germany and Russia. But there were too many sceptics in these early days. Stephen Larrabee, one of the Rand troika, remembers the reaction of a White House insider to "Building a New Nato" which they had written for the works' bimonthly magazine, Foreign Affairs. "Everybody in Washington thinks you're mad, except two people," he said. One of them was William Jefferson Clinton.

Budapest, December 1994.

A look of horror was visible on Bill Clinton's exhausted face as he listened to a snarling diatribe from Boris Yeltsin. "Europe, which has not yet discarded the legacy of the cold war, risks plunging into cold peace," he warned in a booming, intimidating voice. There was conflict raging in Bosnia, with Washington and Moscow backing different sides, and the steady evolution from confrontation to co-operation had been halted. "Why sow the seeds of discord?" Yeltsin thundered.

Clinton had not wanted to come to Budapest, and his political instincts were right. The romantic, dilapidated city on the Danube was bursting at the seams as so strutting leaders jostled for space. This was one summit too many: the relaunching of

a large, loose security forum whose acronym, OSCE, it was later realised, is an obscenity in Maltese.

Clinton's advisers had made him come for half a day - and it seemed far too long. For a President who choreographed every gesture, every "spontaneous" encounter, and milked every moment on his overseas trips, it was intolerable to receive this unscripted tongue-lashing.

Back home in Washington, the President struggled to cope with a rift between his

Solana and Primakov went for a long walk in the snow. Finally, they were hugging each other

lieutenants over the emerging proposals for remaking European security. There were those, like Richard Holbrooke, now at the State Department, doing European affairs, who passionately supported Nato enlargement. But there were others who emphasised the importance of keeping Yeltsin happy by not expanding the defence alliance. Clinton refused to adjudicate - he couldn't cope with negativity.

Clinton-watchers said these mixed feelings reflected two contradictory experiences in April 1993. First, he met Yeltsin in Van-

couver and encouraged him to gird for battle in Russia's internal struggles. "Win. Boris, win!" he stage-whispered.

Then he met the Polish and Czech leaders at the opening of the Holocaust Museum in Washington, and mused out loud on the "depraved and insensate bands" who were still threatening Europe and the world.

After that, Clinton was deeply reluctant to choose between Russia and central Europe. Taking his cue from the Rand boffins, he wanted Nato to have formal ties with Russia, and take in extra members - but the message from Budapest was that Russia would not co-operate.

Yeltsin's appearance at the OSCE is still remembered by US officials as a "dark moment" in modern diplomacy. The worst thing, for Clinton, was that west European diplomats had some sympathy for Yeltsin's complaints.

The other nightmare for Clinton was that Nato might not last long enough to expand. By early 1995, British and French troops were threatening to quit the killing grounds of Bosnia. Unless it could avoid disaster in the Balkans, Nato seemed more likely to lose, not gain, members.

The Rand team had warned that Europe could fall apart - their fears were fast becoming facts: "Europe is headed toward crisis... Whether Europe unravels for a second time this century depends on [summoning] the political will and strategic vision to address the causes."

Translated, that meant, among other things, seducing and manipulating the Russians.

Moscow, May 1997.

Soviet-trained diplomats rarely weep in public. But there was no mistaking the tears on the cheeks of an adviser to Yevgeny Primakov, the Russian foreign minister, as they faced the press outside a Moscow mansion.

It was not the pollen count which moistened the eyes of Primakov's entourage. What they appreciated was an important visitor's unctuous praise for their boss, who could not afford to be seen as a western toady. Javier Solana, the affable face of the western military alliance, declared that Primakov was "a tough negotiator who always had the interests of his country at heart..."

In the year it had taken to negotiate a formal agreement between Nato and Russia - letting Nato enlarge without alienating Moscow - the alliance and its former enemy had gained some knowledge of each other's quirks.

The learning curve had been steep and bumpy for Solana, the former Spanish foreign minister, whose bearded, bespectacled and perpetual smile had personified Nato since he became secretary general in 1995. He was a charmer - with a Mediterranean feel for body language, presentation and saving face.

If Solana was Washington's favourite Spaniard, Primakov had been one of its least favourite Russians: a

between Solana and Primakov, the Spaniard took out his prized Mont Blanc fountain pen and drew a diagram of the new Nato, as pioneered in California and Bonn: enlargement, ties with Russia, a secure future for Europe.

Primakov was unimpressed. Who was Solana but a jumped-up civil servant? Primakov could address the main players, the US, Germany, France. Why suffer Solana? He then pinched Solana's Mont Blanc. The Spaniard knew about negotiators "pocketing concessions", but this was a first.

Things had to - and did - get better. A few months later, Primakov grudgingly described Solana as "sympathetic" - nice, or, more precisely, pleasant-looking. At the beginning of this year, Solana went to Moscow, and Primakov took him for a long walk in the snow. Finally, after many tense meetings, they were standing before the press, hugging each other.

Thanks to the sweet-talking Solana, Bill Clinton can meet European leaders this week in Madrid without fear of global crisis. The US president had learned from his early mistakes. Back in 1994, an indecisive west had presented Nato-Russia partnership as a favour which Moscow might withhold or deny.

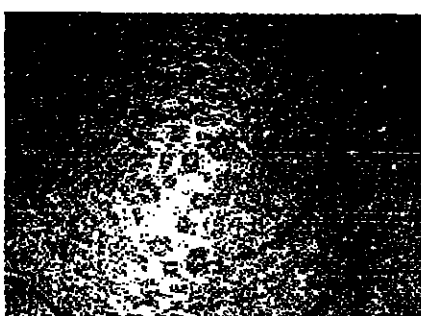
Later, the west sent a tougher message through a more subtle messenger. Solana, he of the bonhomie, Russia could take or leave partnership, but the west would proceed with a larger Nato anyway. Yeltsin could hardly say no to a happy ending.

The new European security order, dreamed up to the sound of Pacific breakers and Atlantic storms, had passed through hands, prominent and obscure, into the realm of conventional wisdom and carefully crafted treaties. Call it the wave theory of history.

Middle East hand with a soft spot for Iraq and Saddam Hussein. As a native of the Caucasus, he, too, could turn on the southern charm; his verbal store contained both vinegar and honey.



STROKE



MASTERSTROKE

REPLACES: BOBIL BILALIS	2-6 July
SUN CHAMPION: YOUNG MATHS & ALGEBRA, OLD TOWN	2-7 July
HAMPSTEAD GALLERY: FALSA INTERNATIONAL FILM FESTIVAL	8-15 July
HEAVEN: FESTIVAL OF MUSIC AND THE ARTS	9-12 July
WESTON: GRAND PRIX, BIRMINGHAM	13 July
150th OLYMPIC GAMES: CLYDESDALE, BIRMINGHAM	17-30 July
15th & 16th: FESTIVAL OF GOLD & POLA, COVENTRY PARK	20 July
CAPITAL: GARDENERS	20 July-2 August
CAROL WEAVER	29 August
LA FESTA: M & Q'S SUMMER GARDEN MEETING	1-1 November

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Joe Rogaly
Planet of the Idiots

'Clinton has perfected a great skill - you do not upset the voters if you do very little.'

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The Nature of Things
Sound bites

'Generating low-frequency sounds on a small loudspeaker is like harnessing a mouse to a drag.'

Page II

PERSPECTIVES

The Nature of Things

What the ear doesn't hear

If your neighbour's sound system is giving you a headache, Andrew Derrington offers hope

Have you ever been kept awake by the throbbing beat of a disco? Does the booming bass of music on your neighbour's hi-fi disturb your dreams? Or is your problem the opposite: are you dissatisfied with the tiny sound of your own stereo system?

Ronald Aarts and Erik van der Tol, engineers at Philips Research laboratories in the Netherlands, are working on a device called Ultra Bass that will both improve the sound of bass notes when they are played on small loudspeakers and make them less annoying to the neighbours.

Low-frequency sounds, the ones that we hear as bass notes, cannot be generated by small objects of any sort, whether they are organ pipes, piano strings, or loudspeakers. A low-frequency sound-wave sets a large volume of air in motion. Trying to generate one with a small loudspeaker is like

harnessing a mouse to a brewer's dray. Ultra Bass uses a psycho-acoustic (psycho-acoustics is the scientific study of how we perceive sounds) confidence trick called the "missing fundamental illusion" to generate an impression of bass notes. The illusion occurs because musical sounds are not pure tones. They consist of a mixture of a fundamental tone, whose frequency determines the pitch of the note, and its harmonics, which are tones with frequencies that are whole multiples of the fundamental. The harmonics determine the quality, or timbre, of a note. The same note sounds

differently on a violin and on a flute because the two instruments produce different patterns of harmonics. The harmonics also contain information that reveals the pitch of a note. They are all multiples of its fundamental frequency, so in principle it should be possible to work out the frequency of the fundamental from the frequencies of the harmonics. Doing this is a bit of a puzzle, but our brains manage it unconsciously. When a synthetic musical note is constructed, the brain reconstructs the pitch of the fundamental even though it is not part of the sound that arrives at the ear.



The same thing happens if the fundamental is removed from a natural musical note by electronic filtering. We hear the pitch of the missing fundamental. Ultra Bass avoids the problem of trying to play

low-frequency notes on small loudspeakers by removing those notes from the sound signal. It replaces each note it removes with a series of its harmonics that are reproduced by the loudspeaker, and cause a

human listener to perceive the missing fundamental. The result is that the bass notes both sound better and have fewer low frequencies. Since it is primarily the low frequencies in a sound that are transmitted through walls, "the neighbours don't hear it", says Aarts. Ultra Bass is not the first electronic device to exploit the brain's tendency to insert the missing fundamental. Telephones do the same thing. They do not transmit low-frequency sounds at all, but we have no difficulty hearing the deep notes of a man's voice because our brain reconstructs it from the harmonics. The reconstruction is effortless

and automatic. It is part of the processing that the brain carries out to produce a perception of pitch. Researchers in psycho-acoustics are still trying to explain how the brain perceives pitch. According to one of them, Chris Plack of Sussex University, the perception of pitch may depend on the timing of the nerve impulses that are sent from the ear to the brain. The idea is that the brain determines pitch by measuring the period of time in which a sound-wave repeats itself. The repeat period of the sound produced by a vibrating violin string is the time taken by one complete vibration.

Removing the fundamental does not change the period. An artificial sound of the same pitch would also have the same repeat period.

It appears that the interval between impulses fired by nerve fibres in the brain matches the period of the sound.

Plack is investigating ways in which this neural information may be analysed by the ear to produce a single unambiguous pitch. However, pitch is not everything. Plack stresses that although the Ultra Bass system may provide a more accurate reproduction of the bass melody of a tune on a small system, it will not have the same deep "timbre" of a large speaker. The perception of a deep bass depends on the low-frequency components being physically present, "although your neighbours may not see this as an advantage," he says. ■ The author is professor of psychology at the University of Nottingham.

Minding Your Own Business

The man who profits from the polystyrene parrot

Christopher McCoey explains how Artefact came to public notice

Gary Waters has made log cabins from PVC, parrots and pots from polystyrene, giraffes from fibreglass, chandeliers from old cutlery, spectacle frames from MDF (medium density fibreboard). Whatever the client wants he will make it - first the prototype then, if he gets the order, possibly hundreds more.

Shops always need good window displays. "Presentation is very important for retailers," says Waters. "The visual impact of the window is the first thing to attract the customers."

Waters, 45, left school at 14 with no qualifications. He had hoped to go to art college but took a job with Burton menswear, as a junior on the display team, he ironed the suits before they were put in the window. Subsequently, he worked for a number of department stores including Debenhams and Allers before becoming display manager for an Army & Navy store in 1981. He left in 1986 and freelanced before setting up his own company.

Business was hard to come by when Waters started Artefact in 1991 - in fact for the first six months there was none. To pay the rent on the 600 sq ft workshop in an old laundry at Modest Corner, a hamlet near Southborough in Kent, he worked from 10 pm to 4 am cooking for the staff of a distribution warehouse.

"I'd had a couple of jobs in catering before starting Artefact so I was quite capable of knocking out sausage, egg and chips through the night," says Waters. "After finishing my cooking job I'd grab a couple of hours' sleep and then go to the workshop. I'd ring up and then visit potential customers. The banks were not particularly interested in offering any practical support but I thought 'where there's a will, there's a way'."

His first order came in 1992. The client wanted 70 log cabin panels for its sheepskin clothing shops. Start-up costs were minimal; he bought a band-saw for "a couple of hundred quid". (Subsequent equipment was purchased out of income.) "Many of the big name retail outlets have their regular suppliers for window displays and so it was very hard to persuade them to give me

- an unproven commodity - a chance." In the first year of trading, turnover was £10,000 and Artefact made no profit. In the second year, the company got a big order for polystyrene pots (luckily production coincided with a long dry spell which allowed the pots to be dried on the roof). With his wife, whom he married in 1993, working in a school and taking care of the domestic side of things, the small second year profit went back into the business.

Artefact will make anything. "We were asked for 180 camels - we quoted but heard no more," says Waters, one senses with relief

Since then, Artefact's turnover has doubled each year. Waters puts this down to giving a good personal service (he still makes the prototypes himself), meeting the deadline for delivery (the shops work one season ahead so summer windows are made in the spring) and being competitive in price. In the fourth year, the business was doing well enough for his wife Judy to give up her school job and take over the book-keeping and administrative side of the company.

"The margins vary from job to job and profit can amount to anywhere between 0 and 30 per cent. Sometimes the display controller of the retail outlet tells you he has a budget of, say, £10,000, and you have to work within that - sometimes because you want the work and it is a new client you cover your costs and make little on the job."

Artefact has increased its space to 3,500 sq ft of the old laundry but Waters wants to move. He and his staff are working on many levels and it is difficult to man-handle MDF and huge pots of paint up and down stairs. There are more than 100 firms in the

shop display business; some specialise and make only mannequins or Christmas decorations. Artefact is comparatively small and flexible and will make anything. A core staff of five keeps the business ticking along but when there is a big order, like a recent one for 20 (out of 23) Adders stores which wanted lined oak furniture, then as many as 10 extra staff are hired from a bank of regular self-employed outworkers.

"In the holidays, I get a lot of art students wanting work," says Waters. "By the time we have made the prototype and got the order, manufacturing becomes more like a production line than arty-crafty work and they are a bit disappointed. But the work is varied and I need people who like to paint or sew. A lot of the skill is in the finishing - painting the polystyrene to look like clay pots, making MDF look like lined oak, or a giraffe looking like, well, a giraffe."

Some displays are easier to make than others; a potential client saw one of Artefact's giraffes at the International Display Week Exhibition held each year in Islington Business Centre. "We were asked for 180 camels - we quoted but heard no more," says Waters wryly and, one senses, with relief.

Another client wanted and got a display made from real bamboo which was especially imported from south east Asia. "That was a bit of a nightmare," remembers Waters. "After a while, insects that had been in the wood began to hatch out under the warm shop lights - huge creatures began to fly about. Hardly the sort of thing you want when women are trying on new frocks."

Waters' Christian faith is the bedrock of his home and business life. At their marriage Judy was a widow with three young sons. Waters adopted the children last year.

"As Christians we are told to take each day as it comes, to be patient, to be honest, to give our best. I'm still trying to get that right..."

■ Artefact Display Workshop, Southbank House, Modest Corner, Southborough, Tunbridge Wells, Kent TN14 0LS; Tel 01892-513774, Fax 01892-517349.



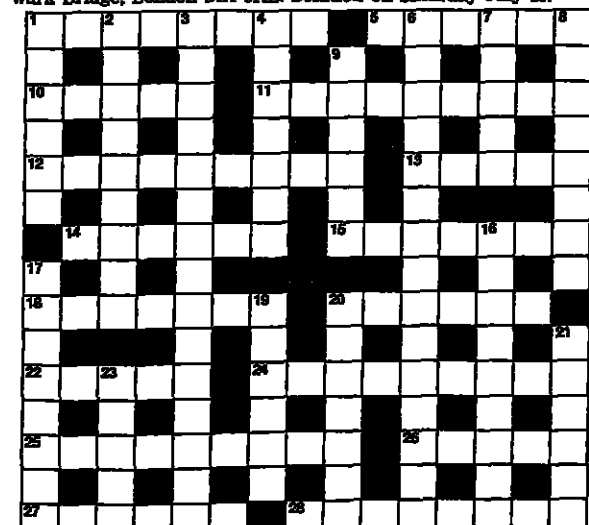
Gary Waters: 'A lot of the skill is in the finishing - making MDF look like lined oak'

Christopher McCoey

CROSSWORD

No. 9,419 Set by DINMUTZ

A prize of a classic Pelikan Souverän 800 fountain pen for the first correct solution opened on four runner-up prizes of Pelikan M200 fountain pens. Solutions by Wednesday July 16, marked Crossword 9,419 on the envelope, to the Financial Times, Number One South Bank Bridge, London SE1 8HL. Solution on Saturday July 19.



WINNERS 9,407: R. Cole, Amersham, Bucks; P. Mayes, Grand Brassac, France; C.S. Morris, Edinburgh; F.W.J. Teale, Harborne, Birmingham; A. Tertskian, London SW14.



- ACROSS**
- 1 Republic producing amino-
acid? (There's no answer to
that) (6)
 - 5 Match with a cricket-club
next to ring-road (6)
 - 10 Some people put a brave
face on it (5)
 - 11 Shelter for Alice's intended
(5-3)
 - 12 Vessels in which Vikings
went spilling about (6)
 - 13 Unqualified, having broken
head off golf-club... (5)
 - 14 ...head for overtail (6)
 - 15 Disavowals in opening of
Easter Island, possibly (7)
 - 16 Exercises as punishments?
(7)
 - 20 Wild aromatic plant found
around Virginia (6)
 - 23 Moose providing part of the
answer at Olympus (5)
 - 24 Sick, for example, with bile
trouble - can't make it out
(6)
 - 25 Four in brave ramble (9)
 - 26 Clever to bring back street-
cars (6)
 - 27 This Great Dane flopped on
the beach (6)
 - 28 Bob, for example, has
means of saving time (5,5)
- DOWN**
- 1 Plug in pipe that stands
out? (6)
 - 2 Entire sum used wantonly
by insurance (9)
 - 3 Collector of bits and pieces,
inter alia (15)
 - 4 Sack the bank clerk (7)
 - 6 Representing Mac, touring
Vic of Chichester for
example (15)
 - 7 Gold coin in eye-socket (5)
 - 8 Extra short in doctor's
measure of grape-sugar (9)
 - 9 Sun due to come out?
That's new! (6)
 - 10 Like equations worked out
to the letter? (8)
 - 17 Having an aversion to go in
France, soldier takes cycle
(6)
 - 19 Common movement of
waves or acres? (6)
 - 20 Irregular spot in America
for betting a great deal on
cheerleaders (7)
 - 21 Tires put out about four?
(5-3)
 - 23 Tired of freestyle wrestling,
we hear (3,2)

Solution 9,418

SWEEET COPYLOT
KATY AT BRIDGE
LINEAR TEARABLES
P E G I N S A T
PITCHER HERRA
E M A N
REACH REBUZZABLE
I R A E A E
COMMODOR RECAP
A S P I N MARETAIN
A R A O I I A S
UNSHAKED GGA
O I I A G E
TRACTOR ENTITILE

Solution 9,407

ROCKBLANK MOSHA
E U S E R O A P
PRIOR DRAMAGUE
R E S P I T S G R
OCCUPATION SHOE
E A U E C R
BRAISED BOUQUIN
O I I
RESCUOP DEFICED
E N R I E A
MIND SCULPTOR
U S E E S
A U S T R I A N H A
N S U R A O N T
STERN BRASPEMY

BRIDGE

Having failed, to be shown the winning line for your contract is humbling, but at least illuminating. Feeling that at least knowing how better without knowing how is another level of frustration altogether. So it was for one player who confronted me with this deal:

N
 ♠ J 6 2
 ♥ Q 10 3
 ♦ A K 7 6 2
 ♣ 7 4

W E
 ♠ A Q 9 7 ♠ 10 8 4 3
 ♥ 6 4 ♥ 8 5
 ♦ Q 4 ♦ J 9 5
 ♣ K Q J 8 3 ♣ 10 9 8 2

S
 ♠ K 5
 ♥ A K J 9 7 2
 ♦ 10 8 8
 ♣ A 5

North East South West
 1D NB 4E
 The bidding was unscientific but effective. West led K4 and, when dummy hit base declarer realised that he faced four likely losers - two spades, one diamond and a club. He correctly opted to establish the diamond suit for discards, so he won the lead, drew trumps, cashed AK and led a third round. But East won with his J4 and switched to a

spade. Declarer now lost the four tricks he had anticipated. The solution on this hand is a combination of suit establishment and avoidance play, for, if East does not gain the lead, declarer's K4 is safe. To this end, declarer should duck the club lead, leaving West on lead and eliminating any possibility of West under-leading his ♠QJ later to put East on lead with his 104.

With no better switch, West continues clubs and declarer wins. He draws one round of trumps, and then leads a small diamond from hand. West plays small, so declarer wins with A4 in dummy, returning to hand with another round of trumps which clears the suit. Now, he leads a second diamond from hand and, when West plays Q4 - with which he is marked from the bidding - declarer ducks in dummy, leaving West stranded on lead.

When declarer next plays to dummy's K4, East's J4 will fall, and the suit will be established. Realising this, the best West can do is to cash his A4 before South's spades can be discarded on the long diamonds.

Paul Mendelson

CHESS

London's grandmaster tournament played last month was the setting for an unusual record. GMs are often mathematicians, economists, journalists, or engineers, but the last to combine chess and medicine was Dr Tarrasch, who challenged for the world title in 1906. So Dharsan Kumaran, the 22-year-old Oxford University No.1 and medical student who achieved his final GM norm at Drury Lane, broke a long-standing hoodoo. The son of a Harrow GP has won two junior world titles, and one factor in his success is that since he was aged 11 or 12 he has used a chess database ("a great time-saver") to prepare for opponents.

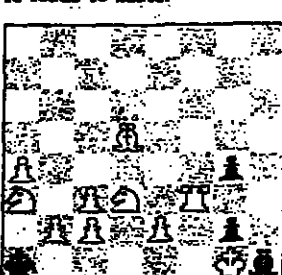
Kumaran was runner-up at Drury Lane behind the grandmaster, John Emms, who played the brilliancy of the event, sacrificing both rooks for checkmate (Emms v Summerscale, Philidor Defence).

1 e4 e6 2 d4 e5 3 Nf3 exd4 4 Nxd4 g6 5 Ne3 Bg7 6 Bc3 Nf6 7 Qd2 0-0 8 0-0 Re8 9 f3 Ne5 10 h4 Ne6 11 Bf4 Bf5 Black has adopted a familiar system from the Dragon Sicilian in an e4 e5 opening, but a key difference, which White now exploits, is that the dark squares around

Black's king are badly weakened. 12 h5 Nch5 13 g4 Ng3 14 Rh3 Nxf1 15 Rxf1, e5 16 Nf5! Nc4 If gxf5 17 gxf5 with a winning attack down the g file.

17 Qd3 Bc6 18 Bf4 Qb6 19 b3 Ne5 20 Qd2 Bxf5 21 gxf5 Qb4 22 Rxf7! A typical sacrifice on an open h file. Black's best defence is Nc3+ 23 cxd3 but White still wins the middle game after Bc3 24 Qh2 or the endgame after Qxc3+ 24 Qxc3 Bxc3 25 Bg6.

Rxb7 23 Rb1+ Kg8 24 Rxb8+ Resigns. For Kc8 25 Bxc5+ Rxc5 26 Qb6+ Kg8 27 f6 leads to mate.



No 1187
 White mates in five moves, against any defence (by F. Kohnlein, 1907). This looks impossible, but can be solved by a precise sequence. Solution, back page

Leonard Barden

PERSPECTIVES



Joe Rogaly

A voyage to the planet of the idiots

It is up to the citizens to tame the outlaws as a dumbed-down world comes ever closer to home

Bill Clinton, ever master of the art of sleight of lip, has done it again. This week the president announced that he has a plan. He will do nothing to tax and little to regulate commerce on the Internet - which, he said, had become "the Wild West of the global economy".

Somehow he made it sound as if he was earning his star as sheriff of the United States. He presented a programme for inaction, focusing on self-regulation by the cherubim who run the industry. The completion date is to be December 1 1999. Al Gore, the vice-president himself, will ensure that it is met. The federal government, the World Trade Organisation and the rest of us will be chivvied into the deep repose of *laissez-faire*.

We should keep at least one

eye open. Mr Clinton's non-plan offers special treatment for business done on the net. In most countries, including the US, telecommunications, television and radio are obliged to follow legal regulations, although the tendency is towards liberalisation. In Europe and the US, newspapers and magazines are relatively unfettered.

The world of the web is to be freer than print, and untaxed. Children are to be protected from shocking images on the screen by industry codes and parental vigilance. Parties to contracts may choose their jurisdictions. The private sector will lead the way.

Does this matter? After all, the difference between the conveyance of information and entertainment on paper and sending it in strings of digits is that the

older method makes money, the newer one does not. We accept free-ish print, warts and all. We should welcome a free Internet.

Those of us who place more trust in the market than in government officials might leave the argument there - were it not for a persistent doubt. The sheer power of the information/entertainment business is unsettling. US exports of films, videos, games, software, licences, professional services and the like are currently worth over \$40bn a year. In most countries the industry is getting rich faster than all other commercial endeavours put together. This explosive growth is not extending competition or multiplying freedoms. On the contrary, too much power is being concentrated in too few hands.

That might sound like an old

Marxist gramophone record, but it happens to be true. The facts are gathered in a new book by Edward S. Herman and Robert W. McChesney, a pair of professors attached to universities in Pennsylvania and Wisconsin. Their title - "The Global Media" - the new missionaries of global capitalism" suggests an anti-market bias. Never mind. They appear to have drawn heavily on the FT's database, so we must at least allow that their sources are good.

The authors identify 10 vertically integrated conglomerates that between them dominate the planet's media, excluding the Internet. Smaller concentration is gathering pace within the telecommunications business, the principal carriers of the net. Details are in the book, published in London by Cassell.

In theory, the world wide web stands free, outside this collection of oligopolists. It is not subject to takeovers. It is open to all. President Clinton painted a touching picture of small enterprises, started from home. These could command instant global reach. Universal free trade, which its proponents say will make earth into heaven, would be a step nearer.

In practice bigness is already beginning to show its strength. Large players can buy their way into the most-favoured web site listings. They will surely dominate the encryption software, and thus the payments systems, of the future. They will snap up patents, purchase the best entertainment, board creative works, compile endless master lists of prospective buyers. Many of these future giants of the net

will be spawned by today's mega-corporations.

We need not take fright at this, but we should watch what happens. The Internet does not yet work as well as it is supposed to. It is overloaded, strangled by the rapid rate of signing-on of new customers. Hollywood dominates our imaginations, but it is open to other centres of film and TV production to enter the arena. This was recognised by the British government this week. The Budget presented on Wednesday allowed for total write-offs of the cost of producing new films.

No, our worry is about something more subtle than concentration of power. The Big Ten, with or without participation in the Internet, have only shareholders to consider, not citizens. Most readers, listeners and viewers - you and I apart - are

easily satisfied. They seem willing to accept uninformative news, dumbed-down editorials, soaps, thought-killing films, endless pictures of humans mating. The world is not being brainwashed into submission. It is being treated as the planet of the idiots.

Mr Clinton of all people should be aware of this. He has perfected the greatest political skill of all. You do not upset the voters if you do very little. Using the right words, the brightest images, can impress them. The smartest media politician for many years can plant a picture of his choosing in our heads.

So I say Big Bill Clinton is right. It is up to the citizens to tame the outlaws. That's what happens in the very best Wild West movies. Isn't it?

E-mail - joe.rogaly@ft.com

Lunch with the FT

The lessons and bruises of life's great scrum

Justin Cartwright finds that Will Carling is a famously misunderstood brand name

The Ivy seemed to be just the sort of place for a London lunch with Will Carling. It is glamorous, confident, slickly run and the food is excellent. It attracts people from a world where consumption in public is an important ritual. Celebrities draw comfort from eating in the same room as other celebrities.

When he arrives he is still glowing gently from training. He is not very tall, but he has a compactness which has proved devastating on a rugby field. To understand Carling's fame, you must appreciate that he has never knowingly missed a tackle in his life. He has a slight frown as though life is punishing him. And well it might be. He may not be the most gifted player in the game, but he is the most famous and in leading England to unprecedented success he came to stand for a kind of Thatcherite Englishman, brash, ruthless, somewhat supercilious.

Even the name Will - not Bill, never Billy - Carling, seems expressly designed as a brand name for *Anglia newspapers*. And his friendship with Princess Diana should have been unthinkable for the traditional rugby player, normally a motorway policeman, cattle farmer or dim surveyor. Will was all mobile phone and Porsche and Harbour Club. Or so it seemed.

He ordered a Caesar salad, a hamburger and a Bellini, and I ordered spiced coconut soup and char-grilled red sea-bream. I wondered if our choice of food couldn't be deconstructed all too easily - his the safe, rather obvious option, mine the willing dupe of fashion. He said he believed in a balanced diet, based on American research, no fads like carb-loading. A hamburger fitted the bill perfectly.

As for the restaurant, he liked it, but it was not the sort of place he would come privately - because he shunned attention. "I like watching people. I used to watch people at Euston station. I loved that." The past tense was because it is no longer possible for him to go out in public without people trying to speak to him. There are two sorts of supplicants, those who revere him for restoring English pride, and the non-English who hate him with a passion both as a type and as the man who relegated their rugby to the second division.

I wondered if he was aware of the depth of feeling about him. "Oh yes. I liked that. I responded to it." But as for fame, he didn't think of himself as famous even now. "I'm a shy person, quite reserved." Our first courses arrived. Mine was utterly delicious; his Caesar salad disappeared without undue contemplation. We talked about rugby - I asked him how he motivated the team. "By example. Once the game is under way there isn't much you can do. I could usually tell in the first five minutes what sort of game we were going to have." Had he always had that fearsome directness? "So they tell me, even as a small boy."

I was enjoying our talk. He told me that giant New Zealander, Jonah Lomu, was

unstoppable by ordinary mortals, that he loved playing in Paris, that he felt most relaxed in Italy, that he was far from a traditionalist. He could never see himself propping up the bar at Twickenham 20 years on, explaining who he had been. Nor was he boishie, as many people thought, but shy. And much more, some of it almost libellous.

In my novel, *In Every Face I Meet*, the hero savours Carling's try in Paris in 1990. It turns out that Carling has read the book: "I was gobsmacked. I never expected to be in a book. To be in a proper book." He remembered every detail of that try, the way Rob Andrew picked the ball up, the way Jerry gave it to him at exactly the right moment and the way he sailed over the try line. I remembered that too, and the look on his face, pleased but not too exuberant, well in control.

"There will always be

something special about 1990," he said. He placed what I thought was an interesting emphasis on the determination and dependability of that team. For commitment, teamwork and leadership are what Carling sells through his two management motivation companies.

Wasn't he really just providing executives with a chance to meet him, under the guise of management training? Far from it; lots of seminars and exercises went on without him. But, I wondered, now that he has retired from international rugby whether his appeal as a management guru might wane.

Our main courses arrived: my sea bream was terrific, almost sublime, its redness muted by the char-grilling. His hamburger looked fine. The whole point of a ham-

burger is that it shouldn't provide any surprises.

I was surprised when he raised the issue of his friendship with Princess Diana to illustrate the downside of fame: there was absolutely nothing he could have said at the time of the tabloid rumours which anybody would have believed. He was powerless. As he told it, he and Diana met at the "gym where I work out", had a coffee together, got on well and embarked on a pleasant friendship. He was understandably flattered and intrigued. Nothing more. But imagine the world's most photographed woman and the world's most famous rugby player trying to have a normal little friendship at the Harbour Club under the gaze of the rich and the idle. The naïveté is touching.

We had dessert: unvarnished strawberries for him and roasted fruits with marmalade for me. Sensational. And what did the future

hold? He did not plan a media career, although he wished he could write. I said I would give it all up to have played rugby like him. I almost meant it. But with his girlfriend, Ali, expecting a baby soon he was thinking more about the future. He wanted to become involved in setting up rugby tournaments.

By now I was feeling a curious warmth towards Carling: he seemed to me to be as far from the brash, arrogant Englishmen of the new breed as could be imagined. He seemed instead to be that other type of Englishman, increasingly rare, the buttoned-up chap who feels a little ill at ease in today's world. He has the added burden of celebrity which I think he finds distasteful, something which has no relevance in the trenches when you are under fire.

Steadiness under fire is what he values.

This Sunday morning:



Your neighbours will decide not to play Thrash Metal at 3am.

You'll awake at 9.30am surrounded by the aroma of Kenyan coffee and English breakfast (prepared by your partner).

You'll rise to find your partner has also decided to tidy the flat.

You will successfully dodge a work colleague and his family when you nip out to get the papers.

At the newsagents you'll find that *The Observer*, instead of the normal £1, is just 50p.

Your partner will announce that they now prefer the "lazy afternoon idea" to the "long walk and gallery idea."

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PERSPECTIVES

Diplomats to the core

Jimmy Burns finds out how Oxford continues to 'inoculate the world with Balliol'

It is 6pm and a group of young men and women are filing in orderly fashion into one of Oxford's more discreet academic buildings for a lecture on the global politics of environment by a former UK ambassador to the UN.

Well groomed, well dressed, and soft spoken, these students from around the world cut a very different image to those who have been crowding into the university's most popular pub, The King's Arms, to celebrate the end of their finals.

For these are no ordinary students. They are young diplomats from around the world - or "members" as they and their tutors like to refer to each other - of the Foreign Service Programme (FSP), courtesy of their own governments and the UK's Foreign Office.

The Programme has its roots in Britain's imperialist tradition and has, over the years, developed as one of the more subtle and less trumpeted attempts by Her Majesty's Government to assure itself of a measure of continuing global influence.

Its earliest precursor was a specialist programme for new entrants to the Indian Civil Service, promoted in the late 19th century by Benjamin Jowett, a senior tutor who became Master of Balliol College - "To inoculate the world with Balliol," pledged Jowett.

With the fall of Empire, an Overseas Service Course was adapted to train members of Commonwealth states achieving independence.

In more recent years, a renamed FSP has extended its intake of diplomats to practically any country in the world. A marketing campaign aimed at governments able to finance their own has drawn students from the Middle East and Latin America, and to a lesser extent Asia, plus the former Communist countries. With the exception of Austria, European countries choose to train their own diplomats.

A group of Oxford academics is responsible for three main areas of study - international trade and finance, international economics and finance, and international law. But the administrative spirit of the foreign office is stamped all over the fourth course, unsurprisingly titled "diplomacy".

The man entrusted with teaching diplomatic skills is Sir Robin Fearn, who successfully applied for the job of programme director last year following his retirement from the Foreign Office.

"Continuity with change" is how Sir Robin describes his latest challenge. In the reassuring environment of the senior common room of his old Oxford college, Sir Robin seemed coolly unfurled by some of the realities of modern times: the Chinese back in Hong Kong,

Labour's foreign minister talking of the need to think of human rights first. He performed his national service in the Intelligence Corps before joining the diplomatic ladder. Having served Queen and Country around the world for more than 20 years - from Islamabad to the Falklands and most recently as ambassador to Madrid - Sir Robin remains firmly cast in the Jowett mould, convinced that British influence can still extend universally, thanks to the spirit England's most eminent university.

"We are always oversubscribed, and that speaks for the reputation of the programme and the value that foreign ministries around the world attach to it. It's significant that governments are prepared to sacrifice time and money on some of their diplomats to come here for a year."

What I am trying to do with these people is to make them think, have ideas, make their own judgments, and argue them convincingly. I want them articulate, argumentative, persuasive,

treat facts not as knowledge but as the basis for creating opinions," Sir Robin enthused.

Sensitive to any charge that he is engaged in propaganda, Sir Robin insists that the prime objective of the programme is universal - although "propagandising Britain is one of the elements".

"Let's not get too focused on selling Britain. The main object is to give those on the course a global understanding of the complexities of the world, and better to understand the techniques of diplomacy," says Sir Robin.

Thus the official programme brochure records the following innocuous story: "A senior former member of the programme tells of how he went into a bilateral conference to negotiate a knotty problem and noticed, to his pleasure and relief, that his opposite number was sporting

the same distinctive FSP tie."

It concludes, without even a hint of self-mockery: "The meeting was over in an unexpectedly short time. The non-Oxford diplomats on both sides are said to be still puzzled by how quickly agreement was reached on such an apparent sticking point."

The record of members, once they leave the cosy environment of Oxford to return to their own countries, is mixed: several old boys promoted to ambassadorships in countries of dubious democratic credentials, and one old girl - Benazir Bhutto - to a presidency.

As for Zheng Xiaosong, this year's member from China, he quit well before the programme's end. He had been appointed to his country's new administration in Hong Kong.

The remaining members on this year's course certainly seemed in convivial mood as they joined Sir Robin and me for their final meal together.

It was hard to find any among them prepared to utter a word of criticism of the programme itself. But they were, after all, trained diplomats.

Or it could be that some "diplomats" have hit on a convenient way of getting themselves a quick - and free - Oxford education (75 per cent of the students are funded by Foreign Office scholarships).

The programme organisers make much of the global network of "old boys and girls" developed over the years.

Less explicit is the extent to which some former members may also become unofficial "moles" that might, if called upon, repay a favour or two to the local UK mission.

Thus the official programme brochure records the following innocuous story: "A senior former member of the programme tells of how he went into a bilateral conference to negotiate a knotty problem and noticed, to his pleasure and relief, that his opposite number was sporting

that in a minute," I said. "But you're right, Paul. Apart from Zhuruvsky, there is another angle we should be looking at. Elizabeth Mallalieu told me her husband played around a lot. He was a *bon vivant*," Paul.

Paul pretended to laugh uproariously, but he still looked sullen.

"Elizabeth said that Mallalieu's womanising was the cause of them splitting up," I said. "They separated 14 years ago, but they didn't get divorced. Tonight is Friday night, Paul. On Friday nights some of the people - dealers, managers, secretaries - who work at Mallalieu's firm go to a bar in Southwark. Some place under the pavement, with sawdust on the floor: an ordinary City bar where they drink champagne at God knows what a bottle. Tonight, you'll be joining them, but you won't be drinking champagne. You'll drink mineral water, Paul. Is that extremely clear? Find out whatever you can, especially about Mallalieu. What sort of employer was he? Was he in a relationship or did he play the field? You will need to insinuate yourself, Paul. Perhaps someone from Mallalieu's firm will try to pick you up. Miracles have been known. Do you think you can manage that?"

"Sure I can," said Paul. "But what will you be doing?" "I will be with the police," I said. "Someone's agreed to see me, a chief superintendent. I have got plenty of questions, including some about Zhuruvsky."

I had steered the conversation skilfully. We had travelled in a circle. Paul slapped the table so that the coffee cups jumped. "Exactly," said Paul. "How are we going to get closer to Zhuruvsky?"

I pretended I was confused, and asked what he was talking about.

"When I said we were trying to connect someone who lives in Moscow with a murder that happened in London," said Paul, "you said: 'I'll come to that in a minute.'"

I stood up. "So I did," I said, flicking him a smile and kissing him on the mouth. "We haven't got a choice, Paul. We'll go to find Zhuruvsky. We'll go to Moscow together. The client will pay for me; our winnings will pay for you."

Paul and I like sports betting. We bet on any sport except rugby, which is the preserve, we believe, of hairy-browed neanderthals. Paul makes our selections. I manage the money. We do not always win: we lost £175 on Wimbledon by backing four idiots (I won't mention names) who couldn't handle pressure. But our overall profit since the start of the year, thanks to Paul's selections, is £2,928.12.

"Moscow would be cool," said Paul. But then he looked distrustful. "When are we going to Moscow?"

I said: "I'll ring the airline today."

... TO BE CONTINUED

Chapter Four of FAKE will unfold in next Saturday's Weekend FT

All of the main characters are fictitious

FAKE, by Michael Thompson-Noel: Chapter 3

Robert Mallalieu, a gold market specialist, has been murdered in London. His widow, the beautiful Elizabeth Mallalieu, isn't satisfied with the progress of the police inquiry and has hired a private investigator.

Mallalieu's associates included Dmitri Zhuruvsky, who is alleged to be associated with Moscow crime gangs. Zhuruvsky may have been laundering money via the London gold market.

The two men also shared a close interest in fake works of art. The investigator, Jane Astor, regards Zhuruvsky as her No.1 target. Astor's assistant is an eccentric 20-year-old who uses trance music as an aid to divining the outcome of sports events, on which they like to bet.

As this odd couple delve deeper into the Mallalieu mystery, they enter a world where nothing is what it seems...

The market in chastity belts is introspective and highly specialised. Yet it is eclipsed by those respects by a shadier activity: the market in fake chastity belts.

Scholars believe that chastity belts were invented in Italy in about 1400. In a few places, it is said, they were still in use at the start of the 20th century.

During the Renaissance, evidence of their employment by fearful husbands was mainly anecdotal, though it also pops up in burlesque fiction. With fake chastity belts, however, we are on firmer ground, for there are plenty of them about and they are easy to spot. In design, they are more gruesomely ingenious than most authentic ones.

In 1990, the British Museum in London staged an exhibition called *Fake: The Art of Deception*, with more than 300 fake artworks on view.

The exhibits included a fake chastity belt. "It is probable," stated the catalogue, "that the great majority of [chastity belts] now existing were made in the 18th and 19th centuries as curiosities for the prurient or as jokes for the tasteless." The fake belt on display, it said, was a "concoction" of uncertain date.

□ □ □

My name is Jane Astor. I am a London-based private investigator. I had known little about fake artworks until the other day when my client, Elizabeth Mallalieu, bled over to me the hefty catalogue published by the British Museum to accompany its 1990 exhibition.

Elizabeth Mallalieu has hired me to investigate the murder of her husband, Robert, whose throat was cut during an apparent street robbery in London's Little Venice area nine weeks ago. His watch, an expensive one, was stolen. Mallalieu was a dealer in precious metals and ran his own firm, Brightsun Investments.

He had been a successful businessman, yet he died in the gutter.

Elizabeth Mallalieu did not contradict me when I told her it would be futile and costly to duplicate the police investigation, which is treating Mallalieu's death as a fatal robbery.

She wanted, nevertheless, to explore the possibility, even if it

was a slim one, that her husband's death had some other explanation. In London, fatal shootings in clubs or on the street happen frequently, usually, they are gang and drug-related. And so-called Rolex raiders - buggers who rob wealthy victims of watches, jewellery and cash - presently account for a quarter of central London street robberies. Yet fatal robberies involving cut-throat razors, as in Mallalieu's case, are almost unheard of. The last one in London occurred in 1954.

□ □ □

For breakfast the other morning I and my assistant, Paul Willson, walked from Marble Arch, where I live, to a café on Baker Street we use a lot. The café has tables outside. To go with the inter-stella gathering of NOs and SOs, emissions you get on Baker

'There is another angle: Elizabeth Mallalieu told me her husband played around a lot. He was a womaniser'

Street, I asked for a BLT and coffee.

The waiter looked at Paul. Paul is 6ft 3in and 20, with greasy hair. He strikes some people as eccentric but he can be clever and intuitive and he usually makes me laugh. If I say so myself, I am turning him into a good investigator.

The waiter asked Paul what he wanted. "Eight fried eggs," said Paul, "and six bananas - energy food." The waiter, an Australian, has always detested Paul. It is jealousy, I suppose. He brought him four fried eggs and an almost-black banana.

When we had finished our food and were back on hydrocarbons, I asked Paul what his problem was. I had guessed he wasn't happy with the Mallalieu investigation. I was doing something wrong, at least from his perspective.

Paul mumbles a lot. "Spit it out," I told him. "What

do you want to say?"

"Well," said Paul, and stopped. But then he straightened his shoulders and pushed his hair from his face. "What I'd like to know," he said, "is why we're only looking into this guy Zhuruvsky. There must be other angles. If you want my opinion, we ought to be widening things out. We seem to be going in circles."

I lit a cigarette. I was pleased that Paul was questioning the direction of our inquiries - our concentration on Dmitri Zhuruvsky at the apparent expense of everything else. But I was not about to express my pleasure, even though to have done so would not have compromised my post-feminist stance. Being a post-feminist means I have no trouble accommodating the fragile male ego. The key is never to sound like a stuck-up cow.

I wanted to hear more of Paul's views, but first it was important to tell him where I thought our inquiries were leading.

Dmitri Zhuruvsky is a Russian who lives in Moscow. He was friendly with Mallalieu, who had handled Zhuruvsky's investments in gold, but that was not their only link. Elizabeth Mallalieu had told me that both men collected art fakes. In fact, as far as I could see, Mallalieu and Zhuruvsky had been doing their level best to stimulate interest in the market in fakes - a market that is growing in scope and value almost by the day.

I said: "You know about my years in America, Paul. How I went to college there, how I started work there. And you know that everything I say is always true." Paul pulled a face, but his eyes were locked on mine. "So let me tell you what the Comanche war chiefs used to say, Paul. The Comanches were known as the Lords of the South Plains and their allies - you probably know this, Paul - were the Kiowa and the Kiowa Apache. What the Comanche war chiefs used to say was: 'To reach an enemy swiftly, travel in a circle.'"

Paul groaned. "They didn't," he said. "You're making it up."

"They certainly did, Paul. Especially at full moon. Particularly at harvest moon, which the Comanches called the blood moon. At the time of the blood moon they went on their biggest raids, killing hundreds of enemies and capturing many slaves."

Paul said: "That's one of your stories, Jane. I wasn't born yesterday."

"It's not one of my stories," I countered. "Whichever way we look at it, Zhuruvsky is a prime investigative target. We could hardly have a better one. Mallalieu probably steered Zhuruvsky towards the gold market in the first place. Lousy advice. Zhuruvsky is losing \$20m, and it's possible that some or all of his original investment represents the recycled proceeds of Russian crime. The other day, Paul, I read a news story about the fear that is said to be haunting the gold market as a result of uncertainty over what the central banks plan to do with their gold reserves. Gold is bad news all round. Zhuruvsky, we can be sure, is not a happy camper."

Paul was looking bored, but I wanted him to hear me out. "Then there are the fakes," I said, lighting a cigarette. "I don't know how or why Mallalieu and Zhuruvsky were involved in fakes. But to date we've had no choice but to focus on Zhuruvsky. Let me tell you a bit about fakes. Paul, you might enjoy it."

I reminded him that when Elizabeth Mallalieu sent me the British Museum's 1990 catalogue, she sent four other catalogues as well - smaller, less ambitious ones - relating to exhibitions of fake artworks staged in other European cities in 1992, 1994, 1996 and 1996.

"What those catalogues show is that every branch of art is overrun by fakes," I told Paul. "There are fake paintings, drawings, porcelain, furniture, coats, medals,

clocks, glassware, silverware, stamps, jewellery, sculpture, books, manuscripts, photographs. But that is just the start of it. To quote some academic: 'The history of fakes is the history of human deceit and gullibility over three millennia. There are even fake chastity belts, Paul - plus things that are stranger.'"

To keep his attention, I told Paul about the sub-category of zoological frauds known in the artworld as Jenny Hanivers: a term used for the dried bodies of rats and skates that were manipulated into the form of anthropomorphic or dragon-like curios - fake miniature sea monsters.

In 1931 a Jenny Haniver was said to have been captured in Poland. It was claimed it resembled a bishop. It was shown to the king, who ordered it to be returned to the sea. Eventually, Jenny Hanivers lost their aura of mystery, though occasionally they are still manufactured and sold today.

I told Paul that I had read the fine print of the catalogues Elizabeth Mallalieu had sent. One of the exhibits at the British Museum in 1990, a fake soapstone figure from Zimbabwe, was described in the notes as belonging to 'R. Mallalieu'. Another exhibit, a forged Athenian black-figure vase, copied from a 600BC original, was listed as the property of 'D. Zhuruvsky'.

I blew a perfect smoke-ring. "After that," I continued, "I studied the smaller catalogues, relating to exhibitions of fakes staged in Gent in 1992, Bordeaux in 1994, Lisbon in 1996 and Brussels in

1996. A note in the catalogues for the Bordeaux, Lisbon and Brussels exhibitions stated: 'The organisers wish to thank R. Mallalieu and D. Zhuruvsky for kind financial assistance in connection with this exhibition.'"

I signalled to the waiter to bring more coffee. Then I blew another perfect smoke-ring, which hovered in the space between us before drifting off along Baker Street. Paul grinned. He knows what I can do with smoke-rings, yet is always impressed.

"From studying the catalogues," I said, "I deduce that Mallalieu and Zhuruvsky had dug themselves deep into the trade in fake artworks, although I don't yet know what they were up to. They were obviously connoisseurs. *Connoisseurs of fakes*. I like the sound of that, Paul. Are you receiving me?"

Paul nodded moodily. The effect of my trick with the second smoke-ring had already worn off. "So far," I continued, "I'd agree that we have no evidence of what Mallalieu and Zhuruvsky were doing in the fake market, but I bet it was something rotten."

Paul mumbled. "Speak up."

"I said we haven't got any evidence period," he said. "Not any real stuff. For the murder of someone who lived in London, we're spending all our time investigating someone who lives in Moscow. It's stupid."

□ □ □

Paul can't rattle me. "I'll come to



FT Weekend Competitions

This is the third week of our summer series of sporting challenges. Each week, for the next six weeks, we will be offering prizes to the readers sending in the wittiest and most imaginative solutions to the questions we set.

Last week's challenge was to slow down the big, boring servers at Wimbledon who have turned tennis into a game of whack and duck. The most popular suggestion was to restrict them to a single serve. There were also votes in favour of a police-like road trap and a range of punishments for servers who break the speed limit, including severing the Achilles tendon. Others suggested that they be forced to consume a pint of warm beer or a few too many strawberries.

The prospect of a pun was irresistible for the entrant who suggested slowing down the service by out-sourcing it to the counter staff at the British Post Office. But the winners were:

● A handicapping system with weights on the racquet arm (John Dibley, Surrey, UK)
● Male players to wear posing pouches one size too small (Jennie Wedlock, Somerset, UK)

- Players must hit their second serve first, followed by their first serve (Peter Herrmann, London)
- Balls made of thick rubber, filled with fertiliser, and set to explode above certain speed - would also encourage growth of grass. (M.D. Lloyd, Yorkshire, UK)
- When serving, players must throw the ball up with the same hand that they use to hold the racquet (Deborah Guy, London)
- A maximum combined speed of 150mph for the two serves; a first fault at 125mph means a second serve of no more than 25mph (Gerry Young, Heemstede, The Netherlands)

Conditions
This week's competition is open to FT readers aged 18 years and over. Entries must be submitted to one of the above addresses by the specified date. The winning entries, as selected by a Weekend FT panel, will be published in the FT on Saturday July 12. The decision of the judge is final and no correspondence will be entered into. All prizes will be dispatched to winners within 28 days. There is no cash alternative. Copyright in all entries will remain with the Financial Times.

COMPETITION THREE: Rugby

Rugby Union is a stop-start sport in which men scrum down and settle their differences by tossing a ball in and seeing which and it comes out. But much of what happens in the huddle is unseen.



What really goes on in a rugby scrum? What are they discussing. These men? Is it true that all jokes are started in scrums and spread onwards from there to the rest of the world? And what could be settled by a rugby scrum? Industrial disputes? The final sale price for your house? Scrum down and keep it clean.

The six cleverest solutions will be rewarded with a bottle of pink champagne and a thick book, chosen by our Literary Editor, Annalena McAfee.

How to enter
Send your entries by post to Weekend FT, Summer Competition (Rugby), One Southwark Bridge, London SE1 9HL, or by electronic mail to rugby@ft.com or by Fax to (44) 0171-873 4433. Entries must be received by noon, British Summer Time, on Wednesday. Please provide name, address and daytime telephone number.

The ultimate challenge
At the end of the two months, we will set the ultimate challenge, a competition to end all competitions, based on Fakes. Michael Thompson-Noel's summer mystery story. This final contest will produce two winners, each of whom will receive two business class return tickets for air travel within Europe, courtesy of Lufthansa.

صلى الله عليه وسلم

SUMMER READING

Literature at your leisure

Writers, academics, a theatre director, an actress, a City grandee, a dancer and a church leader discuss holiday reading

This year my suitcase will be full of Booker novels. So I need other reading that is light to carry but absolutely gripping. Selma Hill's new poems in *Violet* (Bloodaxe, £8.95) are wayward, funny, terrifying. Her writing scintillates with hatred, love and absurd insights: "Being fifty makes me feel large, / large and cold, / like someone else's fridge."

For solace I'll take Edward O. Wilson's tonic *In Search of Nature* (Allen Lane, £14.95). Dip anywhere into his essays and you find a fresh scale for looking at things. Ants, sharks, humans, snakes, bacteria, cobabit perforce, but gracefully. Sociobiology here becomes astonishingly alluring.

Gillian Beer.

The contents of my suitcase this year will include Richard Hoggart's *The Uses of Literacy* (Penguin, £8.95). Having heard Hoggart on Radio Four, I was intrigued to read his analysis of the cultural climate produced by mass literacy, and have looked for a copy ever since. Most bookshops do not stock it, and as I am the sort of person who likes to leave the shop with a paper bag and not an order slip in my hand, my search continued until recently, when a fellow customer overheard my request and offered to lend me his well preserved, original copy, with its cover price of 4s.

With an appetite whetted by *Sophie's World*, I shall also take Bertrand Russell's *History of Western Philosophy* (Routledge, £30).

Deborah Bull.

The Roy Strong Diaries, 1967-1978 (Weidenfeld & Nicolson, £20) should make ideal summer reading. They have been described (and derided) as catty, frivolous and self-centred. Yet I suspect they will have much more to say about the challenges and tribulations of running two of the greatest cultural institutions in the land: the National Portrait Gallery and the Victoria & Albert Museum. I also intend to catch up on Roy Foster, *W.B. Yeats: A Life, Vol. 1: The Apprentice Mage* (Oxford University Press, £25), in which Ireland's foremost historian takes on Ireland's greatest poet. Everyone tells me the result is the best literary biography since Richard Ellman's life of James Joyce. If so, then I shall be in for a real holiday treat.

David Cannadine.

I enjoyed the television series, *American Visions*, and look forward to the more detailed account of the history of American art promised in Robert Hughes' new book, *American Visions: The Epic History of Art in America* (Harvill, £35). I have found his explication of cultural influences in *The Fatal Shore* and *The Shock of the New* wonderfully full of ideas. I am hoping that his book contains the same quotient of insight. For me this is the joy of reading: to find an idea one has never encountered, or just as good, to find an idea expressed in a way that is fresh and pleasurable.

Saul Bellow has a new short novel, *The Actual* (Viking, £14, out in August), and I look forward to reading that. He has cut down the length of his novels as he has grown old, but there is something extraordinary about a man of his age producing such vital novels, however short. If he published his gas bill, I would buy it.

Justin Cartwright.

Under a willow-tree (ideal protection against the sun) that now are meant to best down on us I shall doze and try and concentrate on the two new biographies of J.M.W. Turner lately published: James Hamilton's *Turner: A Life* (Hodder & Stoughton, £25) and Anthony Bailey's *Standing in the Sun* (Sinclair Stevenson, £25). Our greatest painter is still our most fascinating, and his battles with light no less so. I am also due to return to the darkness of *Black House*, which I reread every decade. (The OUP edition in paperback, £2.99, is my choice.) This is, I find, the most complex and atmospheric of Dickens' novels, haunted by ambiguities heralded by the fog that enshrouds the opening chapter. Locations are as vivid as the characters, from Chesney Wold in the sodden countryside to Krook's paper-filled lair where he spontaneously combusts, and the convolutions of the plot are as mysterious as these places. It's a good spot in which to spend a holiday.

Clement Crisp.

The discussion on holiday books in our household is one of the most acrimonious of the year. We find it easier to agree on where to go than on the books we will collectively take - and on a



Books for the beach: 'Summertime, Cornwall', by Dame Laura Knight

Endgame Art Library

Canadian camping trip we have to agree to share. My opening bids this year are *The School Bag*, the new Ted Hughes and Seamus Heaney poetry anthology (Faber, £20). Its predecessor, *The Rattle Bag* a few years back, was brilliant. I shall also pitch for Thomas Pynchon's *Mason & Dixon* (Cape, £16.99). It is very long, and I'm told that in Quebec it rains a lot.

Howard Davies.

Science is not monolithic, and C.P. Snow's touchstone from scientific culture leaves biologists secretly uneasy. If anything can boost my understanding of thermodynamics it will be the lyrical clarity of Peter Atkins's prose. As a bonus, *The Second Law* (Macmillan, £14.95) predates the trendy, upstart usage of "chaos" (which means almost the opposite). Had Snow been a biologist, the second law might have been upstaged, as his criterion, by natural selection - which not all physicists understand. Let them read Mark Ridley's *Evolution*. I look forward to verifying that the second edition (Blackwell, £22.50) is as wittily informative as the first.

Richard Dawkins.

A secretary of state for arts and libraries once said to me: "I'm going on holiday and I'm going to take a book. Can you suggest one?" In his terms the medium-sized suitcase full of books that we'll take to Spain would constitute a library: thrillers (Dick Francis, Patricia Cornwell, James Lee Burke); adventure (Patrick O'Brien); classic (Mrs Gaskell); pulp fiction (I'm too ashamed to say); art fiction (Annie Proulx, Seamus Deane, Arundhati Roy, Anne Michaels); and non-fiction. I'm looking forward to them all, but none more so than *Longitude* by Dava Sobel (Fourth Estate, £12) and *The Pleasures of the Imagination* by John Brewer (HarperCollins, £20) - an appetising account of English culture in the 18th century whose only drawback is its weight, a trying test of the wrist muscles by the swimming pool.

Richard Eyre.

I don't often read biographies, but a familial death makes you very interested in Lives - and of course summer reading should be supine and secondary stuff. Reading *Yeats* is not like reading *Yeats*. Along with Roy Foster's *Life of W.B. Yeats*, volume 1, (OUP, £25), I'll be packing Hermione Lee's *Virginia Woolf* (Chatto, £20). Jeremy Lewis's *Cyril Connolly: A Life* (Cape, £25), Susannah Clapp's *With Chaucer: Portrait of a Writer* (Cape, £15.99), and, not for the first time, Elizabeth Bishop's endlessly interesting collected letters, *One Art* (Pimlico, £14).

Isabel Fonseca.

Eland Books' elegant reprints are perfect holiday reading. Out of an extensive list of forgotten-but-favourite and short-to-be-favourite books I have singled out *Lighthouse* by Tony Parker (£5.99) and *The Love by Roger Vassant* (£4.99) although I could have gone equally happily for the travel works of Sybil Bedford. *Lighthouse* is a study of that strange breed, the keepers, in Parker's inimitable style of melded interviews: the view from the shore will never be the same for me. *The Love* is a chilling - and thrilling - novel about Southern Italy, first published in 1968, which makes Mario Puzo's works look rather tame.

Antonia Fraser.

I shall be taking two books with me this summer, one very short and one very long. The long one is Brian Magee's *Confessions of a Philosopher* (Weidenfeld & Nicolson, £20). If you want a personal introduction to life's imponderables, this is the one.

The short one is more poignant. Jean-Dominique Bauby wrote *The Diving Bell and the Butterfly* (Fourth Estate, £9.99) by blinking his left eye, which was all he could move after a stroke. His reflections on life as seen from that situation provide a moving counterpart to Magee.

Charles Handy.

I have been given a wonderful cartload of books for my birthday including a first edition of *A Patriot For Me*, signed by the author, John Osborne, and a 1937 history of the Hampstead Cricket Club. The two gifts I am most looking forward to are Jeremy Lewis's amusing-looking biography, *Cyril Connolly* (Cape, £25) and *American Visions* (Harvill, £35), a history of American art by Robert Hughes. His TV series on the same subject was brilliant. My only regret is that I have already read Tom Hiney's inspiring biography of Raymond Chandler (Chatto, £16.99), but it is so compelling perhaps I will read it again.

David Hare.

While in the Lake District I shall make a start on S.E. Finer's huge, posthumous three-volume study of *The History of Government* (OUP, £100 the set) from the ancient monarchies to the modern state. No postwar scholar has outstripped Finer when it comes to tracing that jagged path between political science and history. On the historical front I have been itching to absorb whole Orlando Figes' *A People's Tragedy* (Cape, £25) since my daughter began reading chunks of it to me last autumn as she beat her path towards this summer's A level.

Peter Hennessy.

American writers never cease in the attempt to tell the whole American story, which often takes the form of a fall from

grace - the Dream, the collapse of the Dream. The danger tends to be that mythic ambitions can overwhelm the characters. The critics, especially in the US, seem to believe that Philip Roth's *American Pastoral* (Cape, £15.99) has triumphed in this respect. I shall find out on the beach.

I've been looking for a composer who writes well about his craft and has some good stories to tell. I'm reliably informed that Berlioz is the man. I'll be taking his *Memoirs* (Gollancz 1969).

Ian McEwan.

The two books I'm stuffing into my travel bag this year are Roddy Doyle's *The Van* (Minerva, £6.99) and Leonard Cohen's *Beautiful Losers* (Black Spring Press, £6.99). Both are artists of language. Roddy Doyle captures the intricacies and subtleties of human communication through his characters - it is like reading about our neighbours, family and friends. Leonard Cohen paints words into pictures layered with passion and darkness, dealing with the stark feelings people don't talk about in polite company.

Janet McTeer.

Fast gaining cult status in India, set on a coffee plantation in Coorg, homeland of the unique warrior race that produced India's first field marshal, *The Scent of Spices*, Kaveri Ambanis' novel of political and social upheaval opens on a young girl entering her second bridal home, having been widowed at the age of 12. I'll also take *Mason and Dixon* (Cape, £16.99) by Thomas Pynchon. "A modern 18th-century novel" about two British surveyors encountering madness, old world and new frontier, as they draw the fault-line of US history.

Gita Mehta.

I plan to read Ted Hughes' *Tales from Ovid* (Faber, £14.99);

in the absence of another volume of Christopher Logue's inspired version of Ovid are most likely to re-animate a classic text and lodge it, sharply focused and perfectly pitched, in the contemporary mind. "The snake sloughs its age and dullness; In a scurf of opaque tatters" - an image taken at random from the Hughes volume, but one which is emblematic of the whole endeavour, where Ovid promises to emerge "new-made, in molten brilliance".

Roy Foster's *W.B. Yeats: A Life, Vol. 1: The Apprentice Mage* (OUP, £25) has already given me great pleasure as I've read here and there, using the more than usually informative index. For instance, the meticulously documented bad blood between Yeats and Robert Gregory explains why the poet's elegy "In Memory of Major Robert Gregory" should read like *matrioski*, those Russian dolls within dolls, dealing with Lionel Johnson, Synge, and George Pollexfen, before turning to the announced subject - who is shrunk to the size of a pea and garlanded with a couple of majestic phrases. As for Gregory's mother, Foster has turned up a marvellous reminiscence by an old Galway acquaintance, who described Augusta Gregory as "Loving - cold. Womanly - cold. Patriotic - cold. Very calculating, dutiful, courageous, purposeful and all built upon a bedrock sense of humour and love of fun and a bitter sarcasm with a vein of simple coarseness and simple inherited Protestantism." Sounds exactly like a real person, in other words. I expect Professor Foster has done the same for Yeats's contradictions.

Craig Raine.

After a year of reading and selecting from 50 years of Indian writing, it's time for a complete change. I've started two American novels and then decided to hoard them for later: Philip Roth's *American Pastoral* (Cape,

£15.99), by an author whose magnificent mature fictions are even more impressive than the brilliant books of his youth, and Thomas Pynchon's *Mason & Dixon* (Cape, £16.99). Pynchon has never been a lazy read, but has always his readers offered rich rewards - of intelligence, erudition, imagination, vision, and comedy - for their efforts.

Salman Rushdie.

I am looking forward to a closer acquaintance with Roger Scruton's *An Intelligent Person's Guide to Philosophy* (Duckworth, £12.95). This is a marvellous book which gives back to philosophy the sweep and depth it once had before linguistic analysis reduced it to a study of words and their meaning. Scruton is unafraid to take on the big topics - God, truth morality and freedom - with imagination and verve. Matt Ridley's *The Origins of Virtue* (Viking, £20) is an equally exciting foray into evolution and human society. The "selfish gene" is better at explaining conflict than co-operation, and what makes Ridley's book so refreshing is that he allows us to see that it is our capacity for collaboration that allows humans to adapt and survive together. These are two books which, in their different ways, put virtue back on the map of contemporary thought.

Jonathan Sacks.

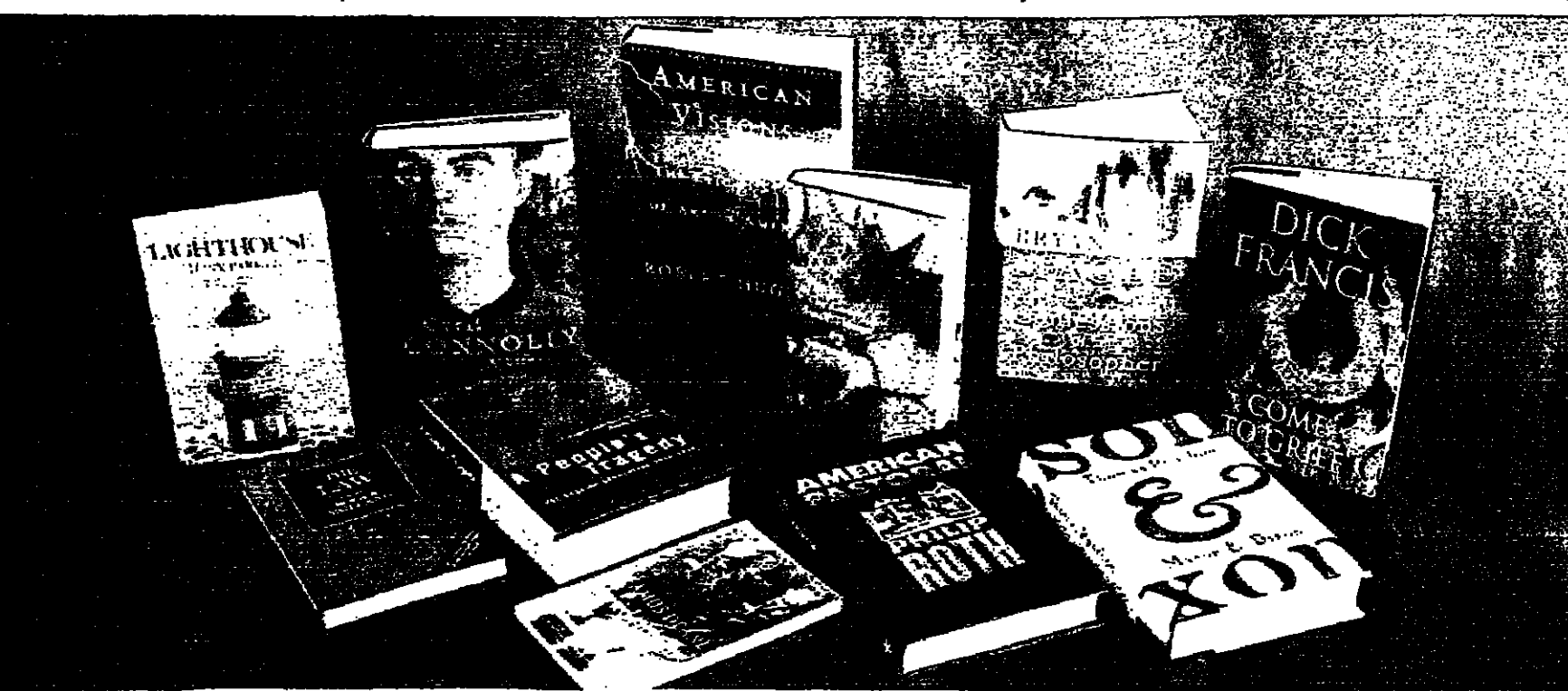
Trapped with the three fat women of Antibes, the same man reads non-fiction that diverts him into the labyrinths of past times and other places. *The Reach of Rome* by Derek Williams (Constable, £25) explores the fringes of that ancient empire, from Hadrian's Wall to Arabia Felix, from Mauretania to Armenia - the limits of the possible, triumph, retreat, disintegration, the wrath of Mars and chaos. *Visions of Ararat* by Christopher J. Walker (J.B. Tauris, £19.95) is a history of Armenia told in an anthology of writings by Gibbon, Byron, Gladstone, hapless clerics and impotent politicians - the wrath of race and envy.

Brian Sewell.

The notion that holiday reading should be "light" has always seemed false to me. A mind at peace in a French vineyard or dreaming in a Greek olive grove can immerse itself happily in the profound.

I've just finished Jonathan Raban's *Badland* (Picador, £15.99), an acute and troubling account of the American Dream turned to dust in eastern Montana. Now I'm addicted anew to Raban's style and will work backwards through his other books this summer, starting with *Hunting Mister Heartbreak* (Picador, £6.99). Adrift in foreign lands, eternally questioning the concept of "home", Raban crafts a more immaculate, ship-shape habitation out of the language than almost all his contemporaries.

Rose Tremain.



Fiction, history, biography, art, philosophy, reportage: some of the titles that will weigh down our contributors' suitcases

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Orphaned by the Khmer Rouge

Kieran Cooke on the young survivors' horrendous memories

Understatement can be a terrifying thing. Susie Hem was five years old when Pol Pot and his murderous Khmer Rouge swept into Phnom Penh in early 1975. Four and a half years later the Vietnamese invaded. "We were freed from Pol Pot's dictatorship and rudeness."

Rudeness? More than 15 million killed. Torture on a massive scale. Anyone with glasses condemned as an intellectual, taken out and hacked to death. The starving forced into cannibalism.

Susie is now a beautiful young as 12 and all dressed in black, ordered the family at gunpoint to leave the capital. The official story was that the US was about to bomb Phnom Penh. After a time, the reality sunk in. The Khmer Rouge, formed in the countryside and deeply suspicious of urban dwellers, wanted to send all city people to the rice fields and jungle — whether they died or not in the process was irrelevant.

"They told us we were good. We were less than a grain of rice in a large pile. The Khmer Rouge said that the Communist revolution could be successful with only two people. Our lives had no significance to their great Communist nation, and they told us, 'To keep you is no benefit, to destroy you is no loss.'"

Yokimay Chan was 14 in 1975. At first he had no fear of the Khmer Rouge. "These soldiers were our countrymen. We had no reason not to believe them... leaving

CHILDREN OF CAMBODIA'S KILLING FIELDS
by Dith Pran
Yale University Press £16.95, 119 pages



Children at a Cambodian refugee camp: "To keep you is no benefit. To destroy you is no loss", some were told

Mark Coddrey/Agfem

Phnom Penh was an adventure. Thousands of people were leaving at the same time. The streets and sidewalks were covered with people carrying bags and cars crept along slowly in the congestion. There was so much noise.

Soon death was the only sight and sound. Yokimay would experience. He walked for two and half months. Unused to life in the countryside, the family soon succumbed to malaria and other diseases. Sisters, grandfather and mother died. Two elder brothers were beaten to

death. (To save bullets the Khmer Rouge killed by beating people with the back of a hoe or with bamboo poles.)

Children were encouraged to inform on their parents. "Familism", a Khmer Rouge term for missing one's loved ones, became a crime, often punishable by death. Children were supposed to devote themselves to Angkor, the Khmer Rouge high command.

As their world was brutally turned upside down, many of these children became desperate. "I wanted to commit suicide but I

couldn't," says Teeda Butt Mam, then 15 years old. "If I did, I would be labelled the enemy because I dared to show my unhappiness with their regime. My death would be followed by my family's death because they were the family of the enemy."

Even after the nightmare was over many of these children still had to endure years of suffering — being beaten and robbed by border guards in Thailand and in refugee camps, uncertain of their fate. It is a continuing

indictment of the world community that Khmer Rouge leaders have not been punished for their crimes.

Dith Pran has photos of each of the contributors, most now settled in the US. There is little bitterness in the faces, only freshness and optimism. Yet behind the smiles is the sadness of a lost childhood and a lost home. "Sometimes I sit down and cry and think about the past," says one of the survivors. "But life goes on, and I have to learn to take care of myself."

Twixt God and Mammon

Commentators often pontificate about the decline of deference in British society since the second world war, but the answer is not too far to find. The great and the good, who assumed the right to control the nation's affairs, repeatedly displayed their incompetence. They did not deserve respect.

The Church of England's embarrassment in the property market is a prime example. In the late 1980s and early 1990s, the Church Commissioners, responsible for the management of the church's assets, lost heavily on their investments in speculative developments.

The arcane structure of the commissioners, their lack of clear accountability to the rest of the Church and the discomfiture displayed by Anglican leaders when dealing with matters of Mammon all played their part in the fiasco.

So did the attitude of the commissioners towards criticism. Sir Douglas Lovelock, the first church estates commissioner, is described by the author as having a "curt and superior attitude in responding to questions."

When news of the losses

finally emerged, it was not by an open and apologetic announcement but in a story in the Financial Times.

This defensive attitude was displayed in the many years commissioners spent battling Church liberals, who wanted a rigorously ethical approach towards investment, particularly on the issue of South Africa. With suitable irony, the commissioners claimed that their fiscal responsibilities were paramount.

Of course, the commissioners were not the only ones to be caught out by the collapse of the property market, which also embarrassed many of the UK's leading banks. But the sheer scale of their commitment to the sector was breathtaking. They committed over half their assets to property at a time when the average pension fund, still scarred by the problems of the 1970s, had a holding of just 7-8 per cent.

At the same time, a lot of this investment was financed with borrowed money. The commissioners' borrowings rose from £4.7m in 1987 to £518m in 1990 — at a time of course when base rates were rocketing to a peak of 15 per cent.

The commissioners com-

pounded this strategic mistake with tactical errors: they were none too successful either in picking their developments or in controlling the costs of the projects. One, the Marlowes, originally budgeted at £41m, eventually cost £130m. Another plan, the development of a site near Ashford in Kent, involved the commissioners in substantial initial expense in the hope that planning permission would

NUMBER ONE MILLBANK: THE FINANCIAL DOWNFALL OF THE CHURCH OF ENGLAND
by Terry Lovell
HarperCollins £15.99, 263 pages

be granted; it was not.

On one scheme, the commissioners agreed to a "signing-on fee" merely to have the chance in participating in the project. A leading property specialist described this decision as "quite astonishing. It is not something I would have ever agreed to, nor in my opinion, would any similar company in that situation."

Nor did the commissioners

appear to run their affairs efficiently. According to the author, "there was such variation between the accounting methods of the commissioners and their joint venture partners that their respective projections of profit levels invariably differed." And officials used an incentivised fees system for their advisers, "which blithely ignored the scale of fees recommended by the Royal Institution for Chartered Surveyors."

Most damning of all, although the commissioners were responsible for clergy benefits, they failed to make a proper actuarial assessment of their pension liabilities; the most basic requirement for any pension fund. The author, a former northern news editor of the People, amasses his evidence well, although he adds little in the way of flair or colour. The final chapters, an account of the discussions about Church structural reform, are dull indeed. But like many a worthy sermon from a long-winded but well-meaning clergyman, the book contains a valuable lesson: beware the smooth assurances of the elite.

Philip Coggan

A spell of gypsy enchantment

There is a character in Henry James who admits that he may once have lived in Bohemia but adds that he was known there as a gentleman. Anthony Sampson's grandfather John would meet that description except that he rose to academic distinction from plebeian origins: to the gypsies of pre-war Britain he was known as "the Rai", the gentleman, and he certainly seems to have lived discreetly, a Bohemian life worthy of his great friend Augustus John.

Anthony Sampson is an author and journalist famous for his books on the anatomy of Britain, the international oil companies, the South African sanctions campaign — heavyweight

stuff. He is presently working on Nelson Mandela's biography. Here, in *The Scholar Gypsy*, he relaxes to investigate the mysterious life of his grandfather, a

THE SCHOLAR GYPSY
by Anthony Sampson
John Murray £16, 229 pages

Liverpool philologist who was obsessed with gypsy culture and whose life-work was the documenting of "deep Romani" as it fast became a dead language. John Sampson was torn between the respectability of turn-of-the-century academic scholarship and the Bohemia of the gypsy communities he discovered, inspired by

George Borrow, in the hills of North Wales. To stumble on these Welsh gypsies, wrote the philologist, was "like finding a tribe of grinders who among themselves spoke Ciceronian Latin." But the "gypsy enchantment" went far further than that.

His grandson starts with a childhood memory of "aunt Mary", who turns out to have been John's illegitimate child by one of the stable of variety girls who shared his gypsy passions. John Sampson had a second, secret family, there may have been other — gypsy — children.

This makes for a tantalising family tale. There is only a passing bid to analyse the lure of the gypsy a century

ago — the vagabond? The outsider? The Romantic? The noble savage? The witch? Carmen? The life of the imagination? The promise of the New Age?

There was danger as well as attraction, as John Sampson must have known. "My mother said that I never should play with the Gypsies in the wood..."

J.D.F. Jones

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ARTS

An ironic musical legacy

Paul Moor on an unlikely, posthumous, recording star

Until his death last year at the age of 84, the great Romanian conductor Sergiu Celibidache ridiculed recordings as "sound-pancakes" - yet he has now become a recording star. EMI has snapped up the rights to a treasure-trove of tapes made during his final years as chief conductor of the Munich Philharmonic Orchestra.

In September EMI will release a sampler - Musorgsky's *Pictures from an Exhibition* - to whet the appetites of Celibidache fans worldwide. The main course will be a 10-CD box featuring his interpretations of Beethoven, Debussy, Haydn, Mozart, Ravel, Schumann, Tchaikovsky and Wagner. EMI has an option to release a further 20 CDs, including a set devoted to Bruckner, a Celibidache speciality.

To make this recording event possible, nobody did anything behind the conductor's back. He knew his Munich Philharmonic concerts and rehearsals were being taped for the orchestra's archives, but these were of no interest to him, and he never listened to them. When he died, the orchestra's vaults contained recordings of dozens of works.

Celibidache's rights went to his only son Serge, who found himself in an agonising dilemma. Despite his father's fanatical disapproval of recordings, grey-market Italian CDs had long been available, using primitive off-the-air tapes from the conductor's early years that did his reputation no favour. Celibidache's will did not forbid posthumously issuing the Munich archive on CD. He had even told his son to do what he liked with it, and the Munich Philharmonic was keen to exploit its musicians' salaries. That was when the bidding started: EMI is said to have beaten Deutsche Grammophon and BMG to the prize.

German news reports have claimed that during his lifetime, Celibidache was offered a recording fee higher than Herbert von Karajan's, and that one US label even offered him a blank cheque. But "Celi", as he was affectionately known, continued to dismiss recordings as "substitute self-gratification". This distaste was linked to his interest in phenomenology. In everything he conducted, he considered all aspects of tempo and dynamics to be fine-tuned to momentary circumstances. From that perspective, he saw each performance as unique, and would not allow a performance undertaken in one environment to be made available for listening in a different one.

Throughout Celibidache's career, nothing conformed to precedent. When the Berlin Philharmonic faced an emergency after the war - with Wilhelm Furtwängler dry-docked in de-Nazification proceedings, and his heir-apparent Leo Borchard accidentally killed - Celibidache shot directly from Berlin's Musikhochschule to the conductorship of one of the world's greatest orchestras. After Furtwängler's death in 1954, Celibidache was so offended by the way Karajan positioned himself as Furtwängler's successor that he turned his back on the orchestra. Only in 1992 were conductor and orchestra reconciled.

For sheer charisma, few conductors could match "Celi". He radiated rapture when his musicians pleased him, but would berate anyone who irked him. He dismissed Arturo Toscanini as "a note factory", Karl Böhm as "a potato sack" and Riccardo Muti as "ignorant". Managements shied away because of his extravagant rehearsal demands, and he spent much of his career conducting second-rate radio orchestras. But he did have 17 final halycon years in Munich. The orchestra developed into a world-class ensemble and his devoted players have yet to appoint a successor.

Celibidache was living proof that, contrary to widespread belief, talented conductors do not need the record industry to sustain their careers. Ironically, it may well be these previously unheard recordings which preserve the Celibidache legend for posterity.

Classical in spirit, monumental in its formal disposition, yet so accessible: the 24-year-old Seurat's ambitious masterpiece, 'Bathers at Asnières'

Down on the riverbank

William Packer finds the most famous work of the 'pointilliste' artist, Seurat, put into context

The National Gallery's huge canvas 'Bathers at Asnières', some six by nearly 10 feet square by Georges Seurat, of young men variously at ease in the sunshine by the river, came into the national collection in 1924, one of the first Impressionist or post-Impressionist works to do so. Bought from the critic, Félix Fénéon, a friend of Seurat who had bought the painting direct from the family in 1900, it proved immediately and lastingly popular - classical in spirit, monumental in its formal disposition, and yet so accessible in the naturalism of its imagery.

It is indeed a work of extraordinary ambition and presence, painted when Seurat was only 24, and his first attempt at anything much larger than two feet by two. He saw in it the making of his public reputation, and to some extent it was, for though it was rejected for the Salon of 1884, it was shown that summer with the work of the *Artistes Indépendants*, his fellow rejectees in other words, with whom he continued to show

throughout his life. Like Vincent van Gogh, whom he came to know and with whose career his own virtually overlapped, Seurat was one of those great artists whose achievement is concentrated within a frighteningly short span. Unlike van Gogh, he had private means and, under no pressure to sell, could afford to develop at his own methodical pace. In 1876, at the age of 17, he first took drawing lessons and at 19 entered the teaching studio of Henri Lehmann, a sometime pupil of Ingres. Desultory attempts to get into the Ecole des Beaux Arts failed, but he got a drawing of his friend and fellow-painter, Aman-Jean, into the Salon of 1883. In due course he met the artists he would assume he would meet - Signac, Pissarro, van Gogh. He began to show fairly regularly. And then in 1881, after a short illness, he died, aged 31.

Here was a young and ambitious artist, in close touch with the advanced art of the day, quite free to experiment and develop entirely on his own terms. Founded in current colour theory, his refined palette and his disciplined pointilliste

technique - an infinitude of tiny strokes of comparatively unmixt pigment built up to command every subtlety of tone and colour - may have disconcerted the Salon jury, but it set him as an artist well apart from his contemporaries. Post-Impressionism, so we were once taught, was the work of Gauguin, Cézanne, van Gogh and Seurat, the four horsemen of Modernism, each equal but distinct in influence and importance. Seurat the most distinct, the most particular of them all.

His exhibition beautifully demonstrates this aspect of Seurat in the processes by which the "Bathers" came about, from the small, free and rapid oil sketches made on the spot, to the compositional studies in the studio, with their colour trials and more regulated handling, to the final magisterial work itself. The wall of drawings, with its studies of individual figures for the painting - the back of the head of the man with a hat; the boy in the water with his hands to his mouth; the

boys sitting on the bank, arms on knees - each image conjured in disarming simplicity out of the dense black working of the surface, is as thrilling a sight as any to be had in any gallery, anywhere.

But the old simple certainty of interpretation has been challenged in recent years, and rightly so. It is in this respect that this exhibition is most surprising and intriguing. For this is no technical exposition nor monographic study, but one which sets Seurat firmly in the context of his time. Most obviously it shows that, far from being alone on the riverbank, that reach of the Seine, past Corbevoie, Asnières and the island of Le Grand Jatte, with its new bridges and factories and workaday barges, was teeming with artists - Manet, Monet, Caillebotte, Signac, van Gogh.

On the other hand, the Salon is not to be dismissed, for, far from being the case that Seurat and his fellows enjoyed a relation to it of mutual rejection, they sent in their work and hoped to show. The Impressionists, let alone the post-Impressionists, were not so isolated as was for so long supposed.

The relevance to Seurat of closer contemporary Symbolist influence is made clear by works by Millet, Puvis de Chavannes and Liotard. The inclusion of works in the neo-classical tradition from Poussin and Ingres through to Flandrin, Bouguereau and Seurat's old teacher, Lehmann, make the point emphatically that, while he may have been ostensibly a painter of modern life, Seurat was also working within a wider and continuing tradition.

There are only so many ways to paint a scene upon a riverbank, with its simple horizontal and depended diagonal, but what rich variety those limitations supply. Poussin's Moses is brought out of the rushes to the women at the water's edge; Seurat's boys sit quietly on the grassy bank; each has its ferry slipping gently across the water with its load of passengers, each its bridge in the further background - it is all one.

Seurat and the Bathers: The National Gallery, Trafalgar Square WC2, until September 28; sponsored by Pearson.

Radio/Martin Hoyle

Noodles and analysis

It was the week of the dragon: the three and a half kilometre-long dragon made of lights that heralded a new era for Hong Kong. Radio 5 Live gave proper weight to the ceremonies, which is more than the new rulers did. In the run-up to the handover, BBC radio went to town, no marks for guessing which one. Even Derek Cooper's *Necessary Pleasures*, devoted to cabbage dwellers on Chinese leaves, Sunday's *The World This Week* had Lord Howe's inguinitous reasonableness evoking the handling of a precious Ming vase rather than banting on the baton in a relay. The programme reminded us that the ex-colony generates a fifth of the income of mainland China; and, more ominously, of the watchful apprehension of south-east Asian neighbours including busy arms-buying Malaysia.

The whole subject abounds in contradictions, ranging from TWTW's native-born pastor who fore-saw the rich-poor gap in Hong Kong merely widening to Dr Wu, madly pro the handover, by British Elizabeth, in investment management and sounding like every smart young woman heard in a City wine bar, disclaiming the colonial past

and looking forward to a rewarding future; and the 19-year-old student, who prophesied little difference between regimes but focused on individual liberty and human rights. So did Sunday's *Mediaman*. This ever-admirable programme reminded us that China is already renegeing as co-signatory, 13 years ago, to HK's guaranteed press freedom.

Radio 3's Sunday Feature, *Changing Flags*, continued with the paradoxes in its search of a genuine HK identity. It never was simply a piece of China grabbed by Britain; the Chinese who worked there shaped and moulded such colonial advantages as the rule of law with their own Chinese names, the latter often adapted into pragmatic modernity.

Saturday's *Late Night Theatre* had originated in Radio Television Hong Kong. *Dragon Island* was a fantasy with a large dose of *Alice in Wonderland* - none the worse for that - about little Jade Jones who falls down a hole in Wales and emerges in HK via a nightworld peopled with anthropomorphic loveable sheep among other things. A dash of *Mervyn Peake*, a hint of John Macdonald's *Bar of Delights*, some immediate and local satire - the governor refuses to wear his ceremonial

plumed hat, has a pet bird he is devoted to - all added up to a lively mixture of like of which one can only hope will be seen again... But we have been here - and left - before. Radio 4's *The Other Hong Kong* recalled Wei Hai Wei which the British in 1930 returned to China, such as it was. Such Confucian colonialists as Lockhart and Johnston (the Peter O'Toole role in Bertolucci's *Last Emperor*) conjured up an oddly Sino-Scottish detente. Not for the first time one wonders what the British Empire would have been without the Celts.

Or what today's Britain will be, come to that. Our Caledonian channeler the ex-chancellor presented his first budget without kissing anyone for the tabloids. This extraordinary departure from tradition was noted by *Mediaman*, which also quoted Paul Johnson's loyal defence of the disgraced Jonathan Aitken and Johnson's diatribe against journalists, addicts of beer and betting-shop, peering anxiously in at the gifted and beautiful like Victorian slum children salvaging in front of a pastrycook's window.

I was reminded of our fickle fourth estate by the new series of *In the Psychiatrist's Chair*. A good list of victims - I mean subjects - kicked off with Stephen Fry. Having done my bit about what I considered gross unprofessionalism over his disappearance from the West End, run of Simon Gray's *Cat Mates*, I was intrigued by his articulateness and honesty. The FT's own theatre critic has been held to have contributed to Fry's

flight to Bruges (admirable taste in refuges), but as Anthony Clare pointed out, the reviews were "not terribly savage". They were part of general problems about coping loneliness, identity. What could have sounded pretentious self-pitying *juvies* emerged as fascinating self-exploration, not least because Clare was on excellent form and had a subject worthy of him. Welcome back, Mr Fry. As Elizabeth I said to the returning Earl of Oxford after his decade-long absence following a court embarrassment, "we have forgot the fact".

And what of Clare Short's progress from tabloid Aunt Sally to lovable aunty-figure? The popular press jeered when she opposed page three girls, gleefully photographed her in her nightie when locked out of her hotel room; she was frumpish, prudish, the loony left. But even at the time those who actually heard her talk were uselessly struck by a large-hearted good sense that it was hard to disagree with. *Devon Septics* found her questioned by Bel Mooney. Short describes herself as an "ethnic Catholic", daughter of an Irishman for whom religion was part of national and cultural identity. She sees politics as an extension of religion's quest for a "decent moral order", which saves her from woolly-minded soporifics. She also describes human beings as "fine and lovely people" and appreciates the music and architecture and poetry of all faiths. We could have wished for something on the her much-publicised found-again son, but on the whole I prefer a loonyfrumpocracy to the debonair smoothness of - what? Jonathan Aitken?

There are certain questions that television critics grow weary of asking, such as: "Why does ITV, the most persistently populist channel, make so few good situation comedies?" "Why in the last 10 years... 20 years... 30 years... has nobody in British television been able to write anything which combines comedy and acidity with the success of *Steptoe And Son* or *Till Death Us Do Part*?" "What makes broadcasters imagine that all comedies are improved by canned laughter?" Touch wood, keep your fingers crossed: tonight ITV is screening a programme which may finally make us forget those questions.

The Grimleys is the fourth in an irregular sequence of 60-minute comedy pilots produced by Andy Harries at Granada. The first, *Cold Feet*, written by Mike Bullen, won the top international television light entertainment award, the Golden Rose of Montreux. This was a surprise since the Golden Rose tends to go to the sort of knockabout farce which appeals to the very young and old and easily crosses international boundaries owing to the unimportance of its verbal content. *Cold Feet* has a funny knockabout climax in which the hero stinks naked in the street with a rose stuck up his bum outside the house where his girlfriend is closeted with another man, and serenades her - because that was what she had specified earlier when he swore he would do anything for her. Otherwise it is a relatively sophisticated comedy about modern mores, closer to *Friends* than *Mr Bean*. It may well become a series.

The second pilot, *The Chest*, was a yarn about pirate treasure sought by a nice young bankrupt and a nasty old rogue, which would have been stretched at 30 minutes and was

Television/Christopher Dunkley

Fine comedy in the making

extremely tedious at 60. Heaven preserve us from a series. The third, *King Lear*, was not a comedy but a rather good, tough, tragedy about marriage and the position of men and women in the modern world, yet set in the context of competitive vegetable growing. It is hard to see quite how this one could be turned into a series, though it would certainly have that dangerous undertow which made *Till Death* so compelling. The pick of the bunch, however, is *The Grimleys*.

Set in the mid 1970s on a council-house estate, its hero is Gordon Grimley, a sensitive teenager who, while his contemporaries are concerned only with football, thinks about poetry, university - and his delicious English teacher and neighbour, Geraldine Tilly. There is something of Adrian Mole about Gordon who is deeply aware of his lack of experience yet simultaneously confident of his ability to woo and win his goddess. The Grimley household is, indeed, pretty grim. Gordon's father never budges from his armchair in front of the television; Gordon's mother - who is having an affair with a neighbour - occasionally hovers the crumbs off his paunch. Gordon's grumpy is a crone with a cigarette permanently in her mouth, his sister needs a pregnancy test, and so on.

There is a wealth of good acting here. From Nigel Planer as Baz, the appalling flamer, Jan Ravens as mother (who puts on a black nightie and coyly asks Baz

"Is little Elvis coming out to play?", only to be told "Wife, I am watching football"), James Bradshaw as Gordon, and many more. The bullying PE teacher, played by stand-up comedian Jack Dee, is a weak link, an amalgam of all those other thick, macho PE teachers in previous programmes and movies. But the ensemble acting is so strong that this scarcely matters.

Anyway, the strength does not come just from the acting; far from it. The writing by Gad Mercurio is sharp and funny, which will not surprise those who saw his

Cardiac Arrest. Better still, the production and direction are painstaking and detailed in a manner that seems to have gone out of fashion in British television comedy. There is no canned laughter. The period feel is achieved with splendid accuracy, not just via flares, tank tops and platform shoes, but by way of voice-over narration, props, and music. Gordon, gazing upon his beloved, melts into a fantasy dance sequence with her, and everything is dead right: clothes, dance style, and Charles Aznavour on the music track singing his 1976 No 1 hit, "She". The music throughout is spot on, and cleverly used.

If Harries can keep the writer, cast, and director (Declan Lowney) together, and expand into a series with budgets big enough to maintain this level of detail and care, ITV could have a real comedy hit on its hands.

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ARTS

Neither of them had any business being a film star. They were too tall, they had mannered or unweildy voices - one a stammering tenor, the other a monotone bass - and neither would win a most handsome contest. But in the early-1940s the one who was already successful inspired the other to take up the trade.

Mitchum tells the story, sitting opposite me in the lounge of a deluxe California hotel at 11.30 am, circa 1990. He is on his second Martini and the lubricated voice has that rich, gonging resonance that made memorable so many Hollywood movies that might have been totally forgettable without him.

"It was 1940 and I was young, barely-working actor, and Jimmy Stewart had got the Academy Award for I don't remember what. And my mother said, 'When a big, tall, skinny drink of water like that can go out and get the highest award in the industry, you ought to be able to do something.' And we were right in the neighbourhood, living in West Hollywood, and as I told Jimmy later, that was it: I honestly never looked back, never stopped working."

Robert Mitchum and James Stewart both died this week, two screen Colossi who leave the movie world a poorer, smaller place. They only once appeared in a film together and probably wished they hadn't. It was *The Big Sleep*, Michael Winner's 1978 home-counties transposition of Raymond Chandler, a sort of Variety Club outing for celebrity movie veterans. But even here, Stewart and Mitchum demonstrated what great stars are: people who, doing nothing, are more electrifying than those who run around the screen doing everything.

Stewart sat in a wheelchair as a geriatric general and gave forth with that hesitant, hypnotic, purring voice. Mitchum ambled with raised eyebrow and lowered voice through the main role of detective Philip Marlowe: another day, another pay cheque.

The difference between the two men was as manifest as the resemblances. Stewart was a devout old-school actor who knew his lines, obeyed the director and focused hard on every scene. Mitchum focused hard on nothing that was not worth focusing on (which may have included this film) and he suffered neither fools nor fallible directors gladly.

Where Stewart became an actor by passion and avocation, Mitchum became one by almost reluctant accident. On screen he was a walking monolith with hooded eyes, pigeon chest and ironic, lazily majestic voice. Off-screen he was a wondrous satirist and mimic, giving vent to that scornful wit whose covert presence informs and enlivens his movie performances.

Casting his narrative line and hook, Mitchum the raconteur could reel in for you a tyrannical Otto Preminger, a Marilyn Monroe mouthing nervous mantras



The bad guy and the good guy of mid-century film: Robert Mitchum (above) needed no research to act the playboy, delinquent or vagabond, while James Stewart brought charm, magnetism and a kind of heroism

Farewell to two great movie icons

Nigel Andrews pays tribute to two screen Colossi whose deaths have left the world of cinema a poorer, smaller place

before jumping ill-prepared into the title flood of the *River of No Return* ("She broke her leg. I warned her") and an upper-crust David Lean becoming ever more exasperated as the perfect sunrise eluded him, month after month, on *Ryan's Daughter*.

Mitchum and Stewart were the bad boy and good boy of mid-century cinema. When you watched a great Mitchum movie - *The Night of the Hunter*, where his evil preacher lures two children towards doom, or *Out of the Past*, where he was darker than the film noir shadows, or the first *Cape Fear*, where his psychotic killer throbs with understated menace - you knew he was a truant actor playing a truant role.

He probably hadn't even bothered to complete his homework, his "research", to play a playboy,

delinquent or vagabond. He didn't need to: his life was his homework. What other star's career and self-esteem could have survived unscathed a jail sentence, complete with hard labour on a chain gang, as Mitchum's did in 1947 after a marijuana bust. ("I was set up," he would later mildly observe). The man seemed to have been born straddling the shadow-line between right and wrong, or at least the world's categorising of those things.

Mitchum never visibly stretched himself for a role and never needed to. Every colour and texture was already there - in him - for the misfit characters he favoured. Stretching might only crack the colours and distort the textures.

James Stewart, though, was all stretch - as befitted an actor

whose perennial role was that of the good guy reaching beyond himself. We remember Stewart filibustering himself hoarse in *Mr Smith Goes To Washington*, fighting for a second chance at happiness and grace in *It's A Wonderful Life*, chapping up to play beleaguered, querulous cowboy in *Winchester 73* and *The Naked Spur* - the first great psychological westerns - and, for Hitchcock, reaching into the giddy spaces of knowledge and self-knowledge in *Rear Window* and *Vertigo*.

No one but Stewart could have brought so much charm and magnetism to so much failing and paranoia. In post-war roles, serious or comic, he was the cinema's psychic disaster area. At the same time he rooted for him, seeing in his struggle against dark forces our own.

If Mitchum was a lovable layabout offscreen as well as on, Stewart was a fighter and a kind of hero in both dimensions.

His war record was distinguished enough for him to end up as a brigadier general, the highest post of any actor in the US military. And though his later politics were regrettable - stark Republican with hints of racism - they went with the self-dependency creed and the sense of a missionary isolationism in the Stewart persona. Even his screen love-life was embattled, neurotic: scan the filmography from his gibbering light-comedy courtship of Katharine Hepburn in *The Philadelphia Story*, via the marital convulsions of *It's A Wonderful Life*, to the anguished obses-

sionalism, going on necrophilia, of *Vertigo*.

Perhaps all this iconic suffering, especially in post-war films, was Stewart's punishment for his trailblazing contrariness as a member of the acting community. He was the first star to make a clean break with the studio contract system and to sign a percentage deal on a film (*Winchester 73* in 1950), thus initiating the entire modern era of power-broking stars and declining studio moguls.

In both Stewart and Mitchum the public and private attributes of a man interacted, as they always have in movie stardom. To be a screen icon it is never enough merely to act. Great movie presences bring themselves to the screen: all the luggage and language and genetic programming of their personalities. And

the greatest movie stars of all can make that single self-cell-divide, to create a dozen offspring variations.

Which is surely why Stewart edges past Mitchum in any final superstardom reckoning. Mitchum just brought the luggage and made himself at home on screen. We were comfortable with that vast, engaging, immutable "Mitchumness", even when he played characters with whom we shouldn't have been comfortable.

Stewart too was always Stewart. But "Stewartness" was a larger, more volatile, more compelling place: one where like cinema itself, at least in our digital age, the same image could morph into a dozen different, captivating shapes without ever quite betraying its perfect, primal essence.

The people who compare Opera Theatre of Saint Louis with Glyndebourne are not referring to the climate. The temperature in Missouri last month lingered in the 90s and, when the weather finally did break, it did so with a force that was hardly very English. You do not get many tornado warnings over the Sussex Downs.

By that point this year's opera season in Saint Louis had reached its climactic final week - all four productions on the go, the critics and opera-company managers out in force, and the festival's valued donors gamely pressing on with dinner in the company tent while the rain ran in rivers underfoot.

After the opera, audience and performers congregate back in the tent on the campus of Webster University. There are no black ties here, for the atmosphere is egalitarian. Saint Louis may be a prosperous city but flaunting one's wealth has never been part of the local culture.

As Charles MacKay, OTSL's general director, says, "This is the mid-west and a degree of modesty is traditional here. There are people who have inherited a lot of old money, but they drive around in rusty old cars and keep their jewels in the safe". For the opera company that is an attitude that has to be respected in fundraising. This year the National Endowment for the Arts cut OTSL's grant from \$150,000 to a miserly \$51,000, so raising money from its individual patrons will

become even more important.

Despite the cutbacks the 1997 season has made only one visible concession to economy: there was one revival out of the four (a heavily-sold run of *Madam Butterfly*) instead of four all new productions. The statutory modern work was still in place, even if Conrad Susa's *Transformations*, written in 1973, was not actually a premiere. "Too discordant", complained one local voice in the foyer afterwards (rather unfairly, I thought, as Susa's score is not so far from the modern musical).

MacKay is adamant the policy will not change. OTSL's modest, 900-seat theatre is not in a position to offer Pavarotti spectaculars or Wagnerian epics, so it needs a regular supply of novelties to draw in opera-goers from further afield - and the press. Young singers, who take most of the roles in Saint Louis, want to know they will get noticed.

In all respects Susa's *Transformations* seemed to me an excellent choice. It is small-scale (only eight in the instrumental ensemble) and

calls for a cast in which everybody gets one good role, if not two or three.

The libretto takes a selection of Brothers Grimm fairy-tales, but holds them up to the mirror of 20th-century psychology. So the Witch in *Hansel and Gretel* is the children's cannibalistic mother and Sleeping Beauty is awoken by her incestuous father. Stephen Sondheim hit upon the same sort of idea for his musical *Into the Woods*, but poet Anne Sexton and Conrad Susa got there first.

In this version the music and the drama are expertly balanced, making *Transformations* as fascinating as any opera of the last two decades. There are so many layers of sub-conscious being explored here that watching the opera is like peeling an onion with one's eyes watering as each successive layer of abuse and pain is revealed.

Sheri Greenawald was mesmerising as the chain-smoking, neurosis-ridden Hecuba, whose texts for the opera are so fertile with complex imagery. Among the multiple roles, tenors



Gregory Tury's bright, young Orpheus with Anthony Rolfe Johnson

Richard Drews and Michael Galanter made their mark and baritone Michael Hayes sang strongly.

John DeMain conducted an expert chamber ensemble, drawn from the ranks of the Saint Louis Symphony Orchestra. There is a lot of Weill in this score - espe-

cially the undercurrent of sleaze that nags away in the *Seven Deadly Sins* - but also some patches of beauty, quite ravishing in the lesbian love-scene that opens the second act. The only drawback was Keith Warner's irritating production, which added further twists

and turns to an already complicated maze of sub-texts. He had the characters gesticulating and grimacing so wildly that everybody on stage looked ready for the psychiatrist's chair.

There is not much in the way of theatrical scope on the Loretto-Hilton Center's shallow stage and the producer who sets his sights low may be the most successful. Collin Graham, OTSL's artistic director, put on a simple and effective production of Monteverdi's *Orfeo*, set around a large tree where renaissance youth gambolled and frolicked. The tale of Orpheus's journey to Hades was told with a minimum of artifice.

According to the programme, the version used was an edition by John Eliot Gardiner, though I suspect he might now disown the rich orchestral carpet that underlays this performance. There were some good individual performances, including Theresa Santiago's bright-voiced Musie, Julia Anne Wolf's dignified Messenger and two well-sung shepherds from Paul Kirby and David Blackburn.

But the singer who brought the opera alive was the bright young Orpheus of Gregory Tury, who looked about 17, but sang with the assurance of an artist twice his age: an impressive find.

When Anthony Rolfe Johnson, here moonlighting as conductor, ascended to the stage as Apollo to sing in duet with him, one sensed a torch being handed over across the generations.

I missed the new production of *Costi fan tutte*, but the revival of *Madam Butterfly* made a modest makeweight. The crucial factor with this opera is to have a soprano who can sing the title-role, and OTSL did: Marie Plette was fearless, letting rip the top notes of Butterfly's final solo as if she was quite unbothered at having been on stage singing for the past two-and-a-half hours. David Corman as Pinkerton has a lovely tenor tone, which needs to be nurtured carefully; Gerald Dolter was the effective Sharpless and Marcus DeLoach's promising baritone made Yamadori more than a bit-part.

With a half-sized St. Louis Symphony Orchestra under Stephen Lord squeezed in the tiny pit, this may have been a small *Madam Butterfly*, but its young cast's potential was big. That is what Opera Theatre of Saint Louis is all about.

Modesty rules OK in the mid-west

Despite cutbacks, Richard Fairman finds the Opera Theatre of St Louis in excellent shape

CHEKHOV'S MIDSUMMER COMEDY

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We are already disconcerted by patients being wheeled past as we wait to be guided through the corridors of the Royal London Hospital for Neil Bartlett's *The Seven Sacraments of Nicolas Poussin*. On taking our seats in the lecture theatre, we all flip up the hinged desk surfaces, as if to suggest that we are here to study the piece rather than to watch it. Bartlett enters in doctor's white coat, strides to a lectern, clips a microphone to his lapel and begins.

It commences as an art lecture on Poussin's identically-sized canvases (now on display in the National Gallery of Scotland) representing baptism, confirmation, marriage, penance, ordination,

Theatre/Ian Shuttleworth

Poussin in hospital drama

Bartlett's argument is that, however little we may know of the liturgical ceremonies commemorated by these paintings, we have experienced such events ourselves in one form or another. He mixes descriptions of the paintings with extracts from the 1682 Book of Common Prayer, the sermons of John Donne, passages of real or pretended personal recollection and fantastical contemplation. A wedding ring triggers a venomously queer exchange, of which

Bartlett recites both sides; consideration of the Magdalene washing Christ's feet shifts into a powerful string of pleas to be abased, humiliated and then forgiven.

The final movement, extreme unction, is entirely in the hands of the audience. We are led quietly into a neighbouring lecture theatre, where Bartlett is sitting in silent vigil by a hospital bed. We are invited to contemplate for as long as we wish, and to leave when we wish.

We cannot but make our own associations at each stage of Bartlett's presentation, whether triggered by major disquisitions or throwaway phrases. The most powerful dialogue is the unspoken one between the performers and each of us, a dialogue of separate but common experience.

Royal London Hospital, London E1 until July 7 (0181-741-2311).

SPORT

Tennis

Heroes who say 'I Love Lucy'

John Barrett goes in search of the source of Henman and Rusedski's success

If Lucy Connor had not been a ball girl at the pre-Wimbledon tournament in 1993, where Greg Rusedski first met her, the Canadian-born left-hander might never have become her boyfriend and taken up residence in Britain, heeding the advice of his Dewsbury-born mother that there is no county like Yorkshire and no country like England.

If Tim Henman had never met surgeon's daughter, Lucy Hoad, his girlfriend, the Oxford-born British No.1 might not have acquired the poise and maturity that has helped him to stay cool in the emotional cauldron of Wimbledon's Centre Court this past fortnight.

The timing has been perfect. Coming on top of England's great start in the Test series against Australia and the two wins of the British Lions in South Africa, the outbreaks of Henman and Rusedski have been understandably contagious.

If those who had queued all night to claim Centre Court places last Sunday on People's Day were a little over the top when Henman played the Dutchman, Paul Haarhuis, let us remember that Britain has been

waiting more than 60 years for tennis success on this scale.

Not since the heady exploits of Fred Perry and "Bunny" Austin in the 1930s has the nation experienced such exceptional performances. When Bobby Wilson and Michael Sangster were successive winners of the Jack-in-the-box American Chuck McKinley in the 1961 quarter-finals and semi-finals there was a feeling of inevitability about their results.

After all, the Americans had already produced eight post-war Wimbledon champions at that stage. Kramer and Falkenburg, Schroeder and Patty, Savitt and Seixas, Trabert and Olmedo were winning titles all over the world.

The British were still suffering from an inferiority complex. All Americans seemed to be rich, confident and successful. It is a sobering thought for Britain, a once-great tennis nation, that

world No.1 Pete Sampras was the only American to win this year's Wimbledon quarter-finals.

What, then, apart from the Lucy factor, have been responsible for the rapid improvement in the fortunes of Henman and Rusedski? Competition, ambition and sound advice are the principal reasons.

When Rusedski made his decision to play for Britain at the end of May 1996 he was ranked 27th in the world. Henman's 27th At Wimbledon that year, Rusedski excited a nation with his raw power, his explosive serve. Exulting in his new alliance, he wore permanent smile and a union flag headband as he won his past three French Open titles. In the fifth round where he lost with honour to the defending champion Sampras, he would later admit, his exuberance was rather overdone.

Meanwhile Henman, having already been Sampras's second round victim, was disqualified for accidentally injuring a ballgirl when he fired a ball in anger during a first round doubles

Rusedski had been perfect as national hero. Then, against Henman, he fluffed his lines

match with Jeremy Bates. A key moment in the growing rivalry between the two Britons came at the National Championships in November 1995. Rusedski's magnetic presence at Telford transformed a mundane

event into one of international interest. The Canadian newspapers, still smarting from Rusedski's decision to desert the land of his birth, were trying to stir things up. To his credit, Rusedski refused to be provoked.

Until the final, Rusedski had been word-perfect in his role as new national hero. Then, against Henman, he fluffed his lines. Leading by a set and a break he seemed on course for a routine win but he choked on his lead and lost. That had not been in the script.

The unexpected win spurred Henman to greater effort. A successful whirlwind tour of east Asia helped him to lift his ranking inside the top 100 for the first time. At Wimbledon last year, guided full-time now by former LTA coach David Felgate, he swept to the quarter-finals on a tide of national hysteria. The two

aces that had saved match points in his first round battle against fifth seeded Yevgeny Kafelnikov, became symbols of national pride. The silver medal he earned with Neil Broad at the Atlanta Olympics added to the legend.

Rusedski, meanwhile, had lost in the second round at Wimbledon to the New Zealander Brett Steven. As Henman's rank rose to 37 Rusedski's slipped to 72.

A second defeat by Henman in the Nationals final at Telford late last year persuaded Rusedski that he should spend December in California at the home of his American coach Brian Teacher to work on his returns of serve and passing shots.

It was exactly what he needed. Having reached the final in Zagreb last February, Rusedski beat Agassi and Chang to reach the San Jose final where he took the first set from Sampras before

a wrist injury forced him to retire. Two weeks before Wimbledon he went to the semis at Queen's Club and played a magnificent match against Ivanisevic that, with a victory at Nottingham, fully restored his confidence and improved his ranking to 27. It was the perfect launching pad for a serious challenge at Wimbledon.

Henman's year had also been interrupted by injury. A career-first tournament success in Sydney last January lowered his ranking to 14 but an operation on March 25 to remove small pieces of bone from his right elbow meant his return coincided with the European clay court season where he has never started. Not until he was back on grass at Queen's Club was there any likelihood that his confidence would be restored.

With so little preparation, his Wimbledon successes have been a remarkable endorsement of John McEnroe's opinion that Henman is the best British player he has ever seen. Supremacy may soon want to bracket Rusedski alongside him.

Clearly both Lucys can be proud of their men. Long may the rivalry continue.

Sporting profile

Comic genius of football finally plays a suitably romantic role

Peter Aspden finds Michel Platini comfortable in his new position of World Cup guru determined to bring idealism to a monstrous happening

Of all the world's great post-war footballers, Michel Platini was the one who least looked the part. There was the flop of unkempt hair; the mischievous grin; the periodic pulling down of his shirt, as far as fabric would allow, like a schoolgirl in her first miniskirt trying to persuade her parents to let her out for the night.

Add a colourful range of petulant Gallic shrugs, raised eyebrows and fulsome gestures and you had a character better suited to the comic stage than the competitive confines of the football pitch. But there was magic in Platini's feet; only Pelé, Cruyff and Maradona in the modern age could match his technical mastery and breadth of vision. Like them, he remains a global figure after retirement.

On a recent trip to South America with Jacques Chirac, the French president joked that all the attention paid to Platini had given him a rare chance to enjoy "un petit moment tranquille". He might have reflected on how unfair it all was: it was Chirac who was being awarded Bolivia's highest honour for his help in staging some World Cup qualifying games in La Paz; it was Platini who attracted the crowds and reporters.

It was only natural for the French to exploit Platini's knowledge and charisma to help organise next year's World Cup. In contrast to the sartorial idiosyncrasies of his playing days, he cuts a raffish figure as co-president of the tournament's organising committee: baggy suit (of which more later), loosened collar, cigarette in hand.

He spends much of his time in negotiation - tiresome contracts dealing with marketing and television rights - but the mischievous grin still makes the odd appearance, particularly when we talk about the dearth of creative midfielders.

He is comfortable in his new role, confident that he knows what World Cups are all about ("I played in three, so I know what happens in a player's mind") but also determined to bring some idealism to an event that is inevitably becoming more monstrous in its scope; the billions of television viewers are an impressive bait for sponsors and advertisers.

"Unlike in the US in 1994, where the event was

concentrated in the stadiums, we want to create a festive spirit in the towns and regions hosting the matches, to include even those who do not like football. All the visitors and journalists who come will be judging France - our transport, our roads, our welcome and the French themselves."

Platini fervently wants next year's visitors to "boire, bouffer, rigoler", drink, eat and be merry. But he knows more than anyone that World Cups are not ultimately judged on trains running on time and jollity of spirit. The one thing Platini cannot control is the quality of football on display. He must be plagued by memories of the Italian World Cup in 1990, when there were festivities

'Football is so extremely popular because there are no truths'

aplenty, but an acute shortage of goals and a truly horrible final match between Argentina and West Germany.

It was in the wake of that tournament that Platini made his now-famous proposal to ban tackling as a way of changing the game. It is still the rule change he would most like to see implemented by the game's authorities. "It would be a way of completely changing football."

"Before it was only defenders who used to tackle, now it is everyone, all around the pitch. A tackle means a player is late for the ball, is not good enough to get to the ball first." He smiles and breaks into English: "But I know it is not possible because the tackle is English."

It is an unashamedly draconian solution to what some see as a crisis in world football. But Platini tries to remain optimistic; there were many excellent games in the US World Cup which were overshadowed by a disappointing final, and he was happy with the quality of football in the recent Tournoi de France. "There was a fabulous match

between Italy and Brazil, which resounded round the world, and some good play in the other games."

He shrugs in the knowledge that he only has limited control over how people will judge next year's tournament: "What remains in people's memories are goals and the emotions players bring to the pitch with them. No one will remember how it has been organised."

Platini underplays the prospects of the host nation, as if to protect its play from the unnecessary pressure. "France are the best team in the world right now but they're good challengers." Ditch the extravagant tales of such creative midfielders as Youri Djorkaeff and Zinedine Zidane, Platini have found it hard score goals.

"It is difficult, and not always the fault of attackers, who need good supply of passes. It is from the man who could 50-metre passes of a colleague's boots. "France have to play a collective game and it is important that they remain fresh, because they have the physically strongest team."

This sounds like Michelangelo singing the virtues of those who built the scaffolding to the roof of the Sistine Chapel. The sub-text is heavy: there is no new Platini to take the French to glory next year.

I ask him the memories of his own World Cup campaign, particularly those of 1982 and 1986, were tinged with sadness; France were ruled out in the semi-finals by West Germany on both occasions, despite playing the most delightful football of the competition. "Not sad, because we gave everything, we did everything possible to not come down to the role of the ball, a couple of passing decisions. In the match, if the referee had given the penalty for Schuster's foul on piston, and sent him off, could have been in the final. In 1986, we went to Mexico to win the World Cup because I believe we were the best team in the world, but it happened again." He is remarkably free of bitterness when he reminds me that it was the only medal lacking in his career.

But the European Championship between those two campaigns in 1984, held in France, was

surely the highlight of that career? Platini scored nine goals in five games, including two hat-tricks, as France won the major honour which the quality of their football demanded. His response remains determinedly philosophical: "I would say that my whole career was a highlight. What gives me the greatest satisfaction is to look back

over 10 years, the wins, the losses, the moments of hope and sadness. It was always my dream and my pleasure to play football, and for people to enjoy it. When I started playing, I didn't even know that you could be a professional."

"Football is so extremely popular because there are no truths. The best team in the world can lose to a

lesser team. There are no regrets." This is all said with exemplary equanimity; but the second World Cup defeat to West Germany in particular must have taken its toll.

Platini retired just a year later, too early for his admirers, but as he explains: "I ran out of petrol and had no pump to fill up again". Already, just 10 years

after his retirement, he seems like a throwback, mercifully free of the usual superstar affectations. He has kept the Ferrari given to him by Juventus (he was hand-picked for the team by Giovanni Agnelli) in a garage in Nancy, but it has been left there for 10 years, and he expresses only the vaguest of intentions "to do something about it".

Earlier, he was asked by a men's magazine where he bought his clothes, and replied dismissively that his wife bought them. But as he stands up to leave, he cannot help peeking at the label of his very fashionable suit. "Hugo Boss," he exclaims with a mix of surprise and satisfaction. Football's great romantic finally looks the part.



ferguson

How to Spend It

Fashion

Out with the old – and in with the antique

Minimalism was an easy target for commercial copiers, says Karen Wheeler. So designers have rediscovered intricate decoration

Everything old has come into its own again. The style mantra dictates that fashionable women sport antique-looking dresses, intricately beaded bags or elaborately embroidered pieces that look for all the world like the glittering prizes from a vintage clothing store. But the truth is that though much of this season's most fashionable clothing looks old, it is in fact completely new.

So-called "simple chic" clothes which were as plain as a piece of brown paper have been replaced by their polar opposite: styles which are decorative rather than functional and designed to make a woman feel unique.

Several established labels such as Dolce & Gabbana (lavishly embroidered opera coats and beaded evening bows), Blumarine (pretty floral dresses) and Alberta Ferretti (little crochet cardigans and wispy lingerie-like evening wear) have latched on to the popularity of the vintage-look in recent seasons. Even Gianni Versace – it is not normally his sort of thing – has gone slightly vintage, with a willowy green empire line dress with ivy embroidery creeping up from the hemline.

It is well-known that top designers scour flea markets in search of inspiration. But in the last year or so they have visited with increasing vigour, making special trips to London – or sending unrecognised assistants – to scour vintage clothing stores such as Virginia's in Holland Park and Steinberg and Tolkien in the Kings Road.

In many cases, they snap up styles that catch the eye, unpick them in their design studio and then replicate them on the catwalk. The result is some of the pretti-

est pieces we have seen in ages: designer clothes featuring antiquated rose prints, brocades, beading and embroidery – clothes that look like vintage one-offs – although with nothing remotely thrift-shop about the price tags.

You could say it is a price worth paying. After all, intricate embroidery, gossamer lace, hand-painted silk chiffon, do not come cheap and although real vintage clothing is still highly prized, how

The style mantra dictates that fashionable women sport antique-looking floral dresses

many of us have the time or patience to rummage through piles of second-hand clothing in search of that perfect chiffon tea dress?

While industry insiders talk of the thrill of uncovering an antique Yves Saint Laurent smoking jacket or original 1950s Dior dress, most of us cannot help but feel that somebody else will have got there before us. Much easier then, to carry away faux vintage in a glossy bag, in pristine condition and in your correct size.

Women like the feeling that something is unique to them but few actually want to wear second hand clothes, says Josephine Turner, co-owner of A La Mode in Knightsbridge. "Moreover, you have got to be an expert in putting clothes together if you are going to rummage in

a thrift store and come out with something worthwhile at the end of it."

Turner hopes soon to take delivery of the new autumn/winter collection from Elspeth Gibson. It might seem ludicrously early to be stocking an autumn collection but the fact is that stores, Harrods included, cannot get their hands on this particular collection quickly enough. Gibson's vintage-look dresses and cardigans, beaded net skirts and lace shirts epitomise the mood of the coming season and top the wish-list of glossy magazine folk who want a more individualistic approach to dressing.

Accordingly, almost overnight, Gibson has replaced Prada as the most highly prized label of those in the know. The fact that few people outside the industry have heard of the label only adds to the allure.

"People want to wear something interesting and decorative but not over the top," says Gibson, who worked for high street label Monix before launching her own collection, and attracting attention with full-length velvet opera coats and one-off special pieces and commissions for weddings. "The look is antique – very rich and luxurious with a new couture feel to it. It looks antique but it is a modern approach with fine detail."

Gibson, whose sheer, hand-beaded silk chiffon skirts start at £300-£400, claims not to like loud things. "But I do like things beautifully worked, which look as though they have had care taken over them."

Two other new names to note are Australian designer Collette Dinnigan, and Cathryn Avison. Avison makes romantic silk evening shifts with subtle leaf and flower

patterns. Dinnigan (stocked at Liberty) specialises in an antique lingerie look – lacey embroidered dresses in black, dusky pink or pistachio green with slips to go underneath and little lace cardigans to layer on top. These pieces are not cheap (£320 for a little lace cardigan) but likely to remain in

your wardrobe for a very long time.

If you are wondering how to wear antique-looking clothes in a modern way, the answer is that a few well-chosen pieces will go a long way. "It's nice to wear interesting pieces with plain things," says Gibson. "For example, a lace skirt works

th flat shoes and a simple sweater for day, silk camels, and little cardigan for evening."

Nately embroidered or beaded pieces can also be used to update plain items already in your wardrobe. And don't be afraid to layer different colours and textures: a black lace cardigan

over a dusty pink satin dress, for example.

Another favourite shopping haunt for the faux vintage-seeker is Voyage, in Fulham Road, London SW3, which has been doing sophisticated Bohemian clothing for at least four years: spriggy little dresses and crumpled-looking layers

in pretty colours. However, be warned: it is ludicrously expensive (a cardigan trimmed with velvet or tiny rose-buds costs £395), the reception from the Italian proprietors is likely to be frosty and the atmosphere unpleasant.

Continued on page 11



Formal and casual wear

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How to Spend It

It comes as a boon and a blessing to men

Lucia van der Post finds males being pampered in SW1

In these buoyant days, when the prosperous customer is spoiled for choice, what does the sophisticated store do to make itself seem more desirable than its neighbour?

It could try making its merchandise so outstanding, so hotly in demand, that no matter how uncomfortable, how disagreeable the service, how outrageous the prices, the punters would still keep coming. A few stores, and a not inconsiderable number of restaurants, choose this route - Voyage

in London's Fulham Road is the current archetypal role-model. This is not only difficult to achieve but when the inevitable happens and what was once hot becomes yesterday's cold dish, the fall from grace is correspondingly extreme.

Alternatively, it could try offering better prices. Though there is always a market for the true bargain, there is a lot of evidence that at the top end of the market lower prices are, if not off-putting, certainly nothing like as big a draw as most of us might imagine. Perceived "value for money" is what it's all about and part of that "value" often includes being the most exclusive in the market-place.

The third strategy, and one which astonishingly few stores seem to have embraced, is service, service, service.

It is still possible to go into some of London's top stores and be treated with considerable disdain, to be made to feel awkward because one isn't model size or less than desirable because one has loped in wearing weekend jeans.

All of which brings me to Alfred Dunhill which has magnificently revamped its Jermyn Street store. To celebrate the re-opening it has decided that what 1990s man needs is a bit more pampering, a touch of the Jeeves, some old-style valet-ing. Its theory that women have been pampered for so long may be a little awry but, never mind, for any man who finds himself near the Jermyn Street store the new services seem like a boon.

To begin with the services that seem to me the most imaginative: picture yourself going out to a grandish do and you ruin your tie at lunch - you can borrow one, free of charge, from the store. You also realise that you are looking ever so slightly crumpled - worry not, jackets or trousers can be steamed while you wait. And as you wait you can have (free) tea or coffee and read the newspapers.

Alternatively (Alfred Dunhill is targeting what it calls "high achieving men") you can make sure no precious minutes are wasted and send faxes, keep track of your shares or, (presumably for the less "high achieving"

man) watch the nail-biting moments at Wimbledon. Any watches, cufflinks, or tie-bars can be buffed up and any Dunhill clothing altered free of charge.

Suppose you are going on holiday, you are rushed off your feet and you need a light raincoat/linen trousers/summer blazer/extra shirts - telephone the customer services department and ask for the personalised shopping service and all or any can be delivered free of charge within Central London.

This service obviously works best if you have

already established a relationship with a salesman who knows your size and understands your tastes.

Finally, it grieves me to say it, but cigar-smoking is once again in fashion and those who have taken to this trendy habit can head for the humid room where they can buy, smoke and sip whisky or cognac for as long as they can devise reasons for keeping out of the office - this is, it seems, particularly popular with Americans for whom the chance to smoke boycotted Cuban cigars is irresistible. Alfred Dunhill isn't so

naive as to expect us to believe that all these services are simply an altruistic move to spread sweetness and light but nevertheless imaginative business initiatives and customers' needs have a natural synergy - while Alfred Dunhill naturally hopes its new store and the allied services will help it to sell more of its wares, for the customer there is no doubt that the buying thereof ought to be infinitely more enjoyable.

Alfred Dunhill, 48 Jermyn Street, London SW1. Customer Services: 0171 290 8600.



From page 10

For the model and fashion cognoscenti who patronise it, however, it is the ultimate in inverted snobbery: ultra-expensive clothes of no discernible origin which look as though they could have been picked up in Oxfam.

The pioneer of the vintage clothing look, however, is Marc Jacobs - the American designer and much lauded pioneer of "grunge" - who was among the first to turn the fashion for vintage clothing on its head. As Josephine Turner points out: "If you hold his clothes in your hand you will see that they are exquisitely made out of couture fabrics. But on the catwalk they are put together in such a way that they look second-hand."

Vintage is the look for autumn and beyond - not least because the fashion industry realises that it scored an own goal with minimalism. Yes, we loved pared-down clothing (and by day still do) but it was easy for the mass market to copy. The luxurious detail and beautiful fabrics pivotal to the vintage look, however, are much more difficult for the high street to pull off convincingly - if at all.

Items like Dries Van Noten's transparent cream silk jacket, encrusted with silver and ivory flowers, £469 from Liberty, or Maria Grazia Chiuri's sheer, apricot bias-cut dress, £389, and hand-painted fluted hem jacket in apricot, £385, reflect the quest for individuality in a world which until recently has been dominated

by regulation Gucci or Prada. It was not surprising that models such as Helena Christensen and Kate Moss began asserting their individuality by nonchalantly flinging old beaded cardigans over their expensive John Galiano dresses.

To complete the look you should also seek out faux antique accessories - dainty ear-rings and antique-looking necklaces from Erickson Beamon, beaded bags from Samantha Heakia or Doll & Gabbana. Look out, too, for exotic plumes to clip in your hair, £8 from Johnny Loves Rosie - soon to replace the fake roses currently popular.

So if the foreseeable future if people assume your dress is from a thrift shop, you should take it as a compliment.

Opposite page from left: Net ball dress, £458, by Macdara, 32 Sloane Street, London SW1, tel 0171-235 7941. Peach chiffon dress with embroidered flowers, £350, and pink silk V-neck cardigan, £145, by DKNY from Contemporary Collections at Harrods, Knightsbridge, London SW1, tel 0171-730 1234. Long red/black rose print dress with spaghetti straps, £40, by Dorothy Perkins, tel 0171-291 2804. Black lacy silk daisy cardigan by Colette Dinnigan, £235, from Liberty, Regent Street, London W1, tel 0171-734 1234. This page from left: Black sleeveless colweb lace dress, £445 by Alberta Ferretti, 205-206 Sloane Street, London SW1, tel 0171-235 2349. Long leaf print chiffon skirt, £195, and jacket, £270, by Dolce & Gabbana, 175 Sloane Street, London SW1, tel 0171-235 0335. Pink dress, £462, by Alberta Ferretti, as above.

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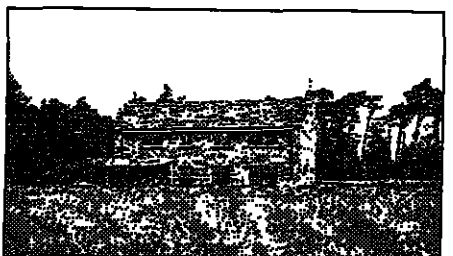
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PROPERTY

When Victor Hugo emigrated to Guernsey in 1852, he went for political reasons. Today, people go to preserve their funds in a fiscally friendly jurisdiction, or tax haven, which has no capital gains tax, inheritance tax or VAT, and income tax is at a single rate of 20 per cent. Even so, the government balances the budget.

The other reason for moving is to enjoy life in the Channel Islands - saving pounds and pence is not a good enough reason on its own.

One catch faces outsiders. Property is expensive compared with that in the UK (very expensive compared with neighbouring France), and only a limited number of houses is available for them to buy on the so-called "open market".

"Proper professional advice on one's proposed domicile and residence situation is essential before moving," says Patricia Whitford of Guernsey financial services group Charter Trust. She is constantly surprised by how many incoming fall to do that. "Some, after spending a fortune on the island, decide that they do not like the obligatory inheritance laws."

So work out, at least in outline, how you might frame your will in Guernsey before the law enforces a distribution among all relatives, much as happens in France.

Guernsey is a delightful island of 28 square miles and 60,000 inhabitants, warmed by the Gulf Stream and ideal for gardening - flowers have replaced tomatoes as the prime product - and sailing. The other Channel Islands dot the horizon.

It is easy to cross to St Malo in France, with which the Channel Islands have a lively, varying relationship. Guernsey is thick with forts and towers, built mainly against the French, and the island prospered in the 18th and early 19th centuries on privateering, a form of legalised piracy which allowed the Guernsey captains to stop enemy - Le French - boats and seize their cargoes. There are still disputes today - the latest about fishing in what the French call "the bay of St Malo".



Striking late Georgian Gothic in St Peter Port: the Manor House, £3.5m

The untaxing island life

Gerald Cadogan looks at the peculiarities of moving to Guernsey

St Peter Port, the attractive main town of late Georgian houses built on privateering gains, is both a holiday and sailing resort and a centre of banking, which sees more smartly dressed people in the streets than a town of comparable size in England.

In the public gardens that overlook the town, it has a good museum and a gem of an old-fashioned library. Do not miss them, or the 19th century greenhouse for its display of begonias and the other bright plants the Victorians loved.

Up the hill from the town church is Victor Hugo's house - tours are in French or English. It actually belongs to the city of Paris and every bit of it expresses a huge personality. Today, Hugo would have to buy one of the 1,600 houses on the open market, unless he could show local qualifications - a returning native, or marriage to a Guernseyan - in which case he could buy one of the 19,000 local market properties.

Open market houses cost about twice as much as local



Le Manoir du Martham, £1.2m

market ones, says Olive Maides of Martel Maides. But if a UK or EU incomer can afford the house, there are no more hurdles. Unlike Jersey, they do not have to share transfer. A typical incomer of 20 years ago, says Allen, was at retirement age and worried about death duties. Today they are more likely to be entrepreneurs in their 40s seeking a change in their way of life.

It takes between 12 and 24 months from first registering

to buying, Allen finds. "The first shock is the price of the property." This will be from £250,000 for a three-bedroom semi. "A lot of people who start in the £400,000-£500,000 range end up at £300,000-£1m," he finds, adding that "it is always easier to sell a house at £1m than at £350,000". Buyers should expect to pay fees of 4.25 per cent (which includes the lawyer's fee).

Potential incomers need to be sure that Guernsey is the place for them, rather than Monaco, Spain or the Isle of Man. Gardeners and sailors might love the island life but golfers might become bored.

In the street there is no way of telling if a house is open or local market. The grandest house for sale (£7m through Martel Maides) is Havilland Hall on the edge of St Peter Port, which used to belong to the de Havilland family - famous for civil and military aircraft.

With its columned entrance and iron balcony set between the columns, and its Palladian look, it could be a big house in Virginia. It has superb gardens, and its 40 acres include a

lovely green valley below the house.

Old farmhouses, which often have a central arched door in granite, are an alternative. They do not usually have sea views but many of them have a greenhouse or two. Guernsey is still thick with greenhouses.

Le Manoir des Hubits is a restored farmhouse at £3.5m and Normanville another at £3.6m (Martel Maides). Cheaper is Le Monnaie de Haut (Swoffers, £1.8m).

In St Peter Port, Swoffers offers Regency town houses at £250,000 and £285,000, and a flat in one at £285,000. Or a modest Victorian terrace house costs £310,000. Two striking late Georgian houses are Le Manoir du Martham (Swoffers, £1.2m) and The Manor House (Martel Maides, £3.5m).

■ Guernsey (01481): Martel Maides, 713463; Swoffers, 711765. ■ The contact numbers relating to the Spices feature in last week's property supplement are: 3D Development, Athens: 0030-1-680 4404; Halcyon Properties, Poros: 0030-98 34175; Seaford: 01323-891639

A cooler tax haven

Gerald Cadogan surveys the market on the Isle of Man

An alternative to Guernsey as an island tax haven is the Isle of Man. Though colder, it is almost 10 times as large but with a population of only 72,000, there is far more space per person.

Both Guernsey and Man offer good fish - Man is renowned for hoppers and scallops - and good gardening. The Gulf Stream reaches Man and sustains palms and semi-tropical plants in the bracing north. And, like Guernsey, Man is a centre of financial services. But in property there is a major difference. The market is a single one for incomers and Manxmen alike. This eliminates the artificiality - and stratospheric prices - of the Channel Islands' open market and lets Manx prices shadow UK trends.

Prices in Man are still high compared with much of north-west England, but not when set against the wealthy parts of Cheshire around Manchester.

The top end of the market has risen between 10 and 15 per cent since January 1996, says Keith Kerruish of Chrystals. "And if the house is in superb condition, it has risen even more."

But many houses are not for sale in superb condition; they were last refurbished when the owners moved in 30 years ago, says Kerruish. One house that has now been sold is The Nunnery, a Gothic palace that belonged to racehorse owner Robert Sangster. It was sold by DeanWood for more than £2m to a client of Cowley Groves (as against a guide price in November 1995 of £3.5m).

People had been waiting on the UK budget, says David Creane of Cowley Groves, and this led to a temporarily quiet market.

But he expects it to pick up again later this year and next. More bullishly, Kerruish sees the Manx market as still running strong.

Old vicarages on offer include Malew House near Castletown, with an indoor pool, jacuzzi - what a change from when it had a parson - and 15 acres, for £885,000 from Cowley Groves, and one at Lonan for £875,000 from DeanWood.

Ivydene is a handsome neo-Tudor house in the part of Douglas known as Little Switzerland. Designed by M.H. Baillie Scott in 1893, it is available for £1m from Chrystals or

People had been waiting on the UK budget, says one agent

DeanWood. Stronville at Laxey, of similar date, is beside the sea (DeanWood, £375,000) and Beach House at Ramsey overlooks the town's famous pier (Chrystals, £210,000).

An imposing 1840s stuccoed house that could fit easily into Belgravia is Thornhill Manor at Lezayre (Chrystals) or DeanWood, £825,000; or for around £500,000 buy the castellated 19th century Greetha Towers with battlements galore (through Chrystals or DeanWood).

Buyers who take out a mortgage - or overdraft - from a Manx financial institution can claim income tax relief.

■ Isle of Man (01624): Chrystals, 812235; Cowley Groves, 625886; DeanWood, 626065.

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PROPERTY

On the Move

Parking spaces drive inflation

Anne Spackman looks at the prices buyers are prepared to pay to park their car

Inflation in house prices is now running at around 30 per cent a year in London, but what about inflation in parking spaces?

In prime west London areas such as Kensington and Chelsea, the acute shortage of property for sale is only matched by the acute shortage of places to park. This led to a record £100,000 being paid for a garage – admittedly a double garage – in Shafto Mews in Knightsbridge.

Developers have responded to this demand by building underground parking into their schemes wherever possible and making buyers pay for it: the scheme commands a premium because it has parking, but the parking space itself is sold as an optional extra.

In most Docklands schemes buyers expect parking as a standard part of the new homes package, so developers can rarely afford to charge for it. In the City, at developments such as Spencer Heights, parking spaces cost an extra £10,000. But in Kensington and Chelsea the market rate now appears to be around £35,000.

The Singaporean group, LCR, is asking £35,000 for parking spaces at its development in Stanhope Gardens. Last week the developers who pioneered this practice, Northacre, put a £35,000 price tag on the spaces beneath its latest project – the Brompton Hospital site on the Fulham Road in Chelsea.

Northacre has established a reputation for mixing the best features of ancient and modern buildings. That means, among other things, providing secure underground parking beneath a

listed historic building. At Northacre's first big conversion project, Observatory Gardens in Kensington, the parking spaces cost more to create, in square footage terms, than the flats themselves. They were priced at £30,000 each. At its current project nearby – a row of 23 family houses in Earl's Terrace – the price has leapt to £40,000 – a rise of 30 per cent in two years.

Northacre has already sold two-thirds of the flats in the Bromptons. Every purchaser has bought a parking space so far, and, in contrast to many new developments, most of the buyers have been British owner-occupiers, rather than overseas investors.

Now, it is releasing the main block of 32 apartments in the original hospital building. It is a fine example of red-brick Victorian Gothic in a very good location. The "H" shape of the block lends itself particularly well to conversion, avoiding the usual problems of darkness at the centre of the building.

Prices for the main block go from £450,000 for the smallest one-bedroom flat to £3.7m – nearly £1,000 a square foot – for a five-bedroom duplex. Agents for the Bromptons are Savills.

North and south

One of the most striking examples of the current north/south divide in the property market is the number of houses which estate agents currently have for sale. In south-east England the average number is 39; in the north it is more than four times as high at 170, according to the latest monthly report from the Royal Institution of Chartered Surveyors.

The number of agents reporting price rises in its Northern region – which covers Cumbria, Northumberland, Durham and Cleveland – is 46 per cent compared with a national figure of 60 per cent and 89 per cent in the south east. But all these figures are significant improvements on last year, showing that the recovery is now under way.

One reason for the shortage of property for sale in many areas is the high percentage of buyers with no home to sell. Black Horse Agencies puts the figure nationally at 83 per cent. This includes first-time buyers, tenants re-entering the market and people buying second homes.

The latest Black Horse market report says there are currently 30 per cent fewer homes for sale than at this time last year and that as a result, one in five homes now sells in less than a week.

Governor's house

Hong Kong's future has been decided, but what future awaits the former Governor's house on Hong Kong island? One of the last symbols of colonial rule, an isolated white villa in a sea of high-rise development, Knight Frank believes it could be worth as much as £30m because of its historic importance.

But history in Hong Kong may be unable to compete in pounds per square foot with redevelopment – in May, a developer paid £135m for a house on the Peak, which is to be knocked down and replaced with apartment blocks. If so, Knight Frank's figure could be a serious underestimate.

Hampton Court flower show is open to the general public on Thursday, Friday, Saturday and Sunday, 10-13 July. If you can stand the crowds and the traffic jams, it provides an opportunity to buy late additions to gardens which have been wonderfully softened up by the heavy rains. The show is like a glorified trade fair to which the public is prepared to pay an admission fee. Not all the trade is closely related to what I call gardening, but there are always plants which are irresistible.

As I can go before you, I am happy to reveal that my main candidates for irresistibility are members of the *Diascia* family which can still be tucked into the fronts of flowerbeds or pots where their range of colours is such a delight.

Last year, I bought a superb one called Coral Belle and thought it looked so hardy that I left it to the mercy of the winter. It was the only one of my various forms which promptly died and I have yet to find a replacement. Its colour is a luminous coral-red and it is quite extraordinarily beautiful. The many apricot forms are almost as good and they survived intact. Any plant can be multiplied from cuttings and kept safely through the winter.

If you are worried about cuttings, the best-known apricot, *Blackthorn Apricot*, will split into several smaller plants which can be potted up when you dig them from the ground. It is another splendid variety and seems to illustrate the rule that the closer the *diascias* and similar near-hardy plants grow to the ground, the better they survive a cold winter. The tall ones are almost certain to be killed by mid-November.

In the early days of Hampton Court show, I made some mistakes, never more so than in the family of malvaceae. I was tempted by a strong rose-pink variety of Lavatera called Bredon Springs which looked manageable and rather charming in a modest pot. It grew into a fearful monster and it took me half a day to hack out at the end of last season.

At a lower level, I was beguiled a year later by a ground-hugging little pot-



That old favourite: the red King George V penstemon

Photograph: Garden Picture Library

Gardening

Giving in to irresistibility

Robin Lane Fox finds *diascias* and penstemons at the Hampton Court show to fill in some gaps

plant with enchanting blue flowers, *Pratia pedunculata* County Park. I will never be beguiled again. It ran everywhere but never so thickly that it excluded weeds from its middle. I am still digging it out of the prominent place the plants occupied.

I have been more fortunate with perennial finds at border level. *Campanulas* are usually as good as they look and now that it has been on general release for three years, I must recommend the rich deep violet-purple *Kent Belle* which will be much in evidence on the stands.

During its first season it will scramble up to two and a half feet and flower quite conspicuously. From the sec-

ond year onwards it comes into its own, up to the promised four feet and with a long-lasting season if you dead-head it. It is an outstanding plant which we owe to one of our outstanding nurseries, Washfield Nursery near Hawkhurst, Kent, on the itinerary of all keen gardeners since it no longer sends plants by post.

For those who need more filling in the flowerbeds from August onwards, I recommend the many penstemons which are on sale in almost every floral tent. Although all are agreed that they are of uncertain hardiness, I would like to add that mine have survived for three years outdoors without

lethal damage and that several forms are now older even than these survivors.

The hardest are in many ways the dullest – *Garnet* and the scarlet *Firebird*, a popular name for a narrow-flowered red which just misses the top class. I will be shopping for brighter reds like *Chester Scarlet* and *Madame Golding* which are not particularly hardy but excellent value under a south wall.

The darkest forms multiply yearly and the two most popular are *Raven* and the very dark *Blackbird* which survived last winter with me in an open flowerbed. They are both excellent, as is one with white flowers tipped

with pink which I bought as *Snow Storm* but which is now believed to be the same as *White Bedder*. Among the pinks, *Hildcote Pink* really does seem to be quite hardy and I never tire of the old favourite red *King George V*.

As a general rule, the bigger and paler the leaf, the less likely the plant is to survive a sharp frost. The worst damage occurred in November 1991 when we had a sudden sharp night after a mild autumn in which plants were still growing freely. Otherwise the golden rule is never to cut these plants down until late spring, however messy they look. Take a few cuttings as back-up in early August from any which you buy next week and save them in a frost-proof place during the winter.

Suppliers tend to say that old plants flower less well than newly-rooted cuttings. They certainly flower earlier, but I am not sure that that view is right. The way to subvert it is to feed penstemons with a liquid fertilizer from mid-July onwards, building up ever more shows of bud as you remove the dead flowers. Plants bought at Hampton Court can be tucked into any sunny place, preferably with the shelter of a wall or house or a lasting mass of surrounding neighbours. They cover a multitude of gaps before the season is out.

To complement the penstemons, I take the chance each year to stock up on my basic plant food, Phostrogen, and make sure that nothing on their stand looks better than the dilutor which I bought the year before. Gardeners have their favourite fertilizers, but I stick to the one which works best with my hurried, hosiery tactics.

You fit the more up-market model of dilutor on to your hosiery, fill up to the mark with Phostrogen and then spray the penstemons and anything in pots with a rain of fertilizer, feeding and watering at the same time. Almost everything which grows well grows twice as well if you pep it up with chemicals. I will return from the show and set about this pleasant business, fertilising my trousers in the process, and this year, unlike its savage predecessors, I will be fertilising in the rain.

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TRAVEL

Walking/Roger Bray

Jeeves, please leave my boots outside

They offered to clean our walking boots at the Lygon Arms. It is a soft place to put up after a day tramping the hills but then, the Cotswolds are hardly tough hiking. Only the nagging rain lent an edge of adversity.

We set off in clammy drizzle from an unusually empty car park at Bourton-on-the-Water, striking out across flat meadows for the Slaughters, Lower and Upper, villages of almost oppressive neatness and harmony. Even the four plump geese, which greeted us from across a glassy brook, seemed to have been washed in whiteness.

There is a risk in following marked footpaths without paying attention to the map. One misleading signpost can send you miles off course.

Thus a planned lunch break at the Black Horse, a pub created from two former farm cottages in Naunton, was much later than intended.

In the bar, a group of canoeists chattered about sequences as if discussing mixed doubles tactics. It was reminiscent of the orchestra in Hardy's *Under the Greenwood Tree*. Wrong county but still quintessential England.

The extra miles had sharpened thirst and appetite. The onions that came with the cheese tasted as though they

had been home-pickled. The local Donnington brewery has produced not only a wonderfully hoppy bitter but a booklet of walks between pubs where you can get it.

With dinner at the Lygon in prospect, we avoided excess and stuck, meticulously, to the remainder of our route, following the River Windrush through meadows where cowslips, which seemed on the brink of extinction only a few years ago, grew in profusion, and where the temptation to linger, but for the now heavy rain, would have been irresistible.

The hotel, built of biscuit-coloured Cotswold stone and hung with wisteria, is in Broadway, one of the most visited - and traffic-ridden - villages in Britain. At the narrow entrance to its chestnut-dominated courtyard car park is a sign which warns: "Hotel guests only. Strictly no sightseers."

Formerly called the White Hart Inn, its existence was first recorded in 1532 but it has a fireplace thought to have been made in the 14th century. Cromwell stayed there before the Battle of

Worcester, Charles I afterwards. It owes its present name to a general who fought at Waterloo and bought the surrounding estate.

The country club has a Grecian-style pool and a spin-drier so you do not have to pack wet swimwear. We had hoped to be massaged in the therapy room but had not booked far enough ahead. I left my room key, inadvertently, at the club desk. A staff member sought me out at the snooker table.

In our curiously-shaped suite, under the eaves, there

was a small CD player and bookcase full of old hardbacks - Patrick White's *Voss*, Charles Kingsley's *Westward Ho!*, some Maigret stories - mostly from the Book Club. Dinner was in the Great Hall, presided over by the heads of hunted deer.

It proved worth the lunch-time sacrifice: memorable Indian spiced crab in filo pastry with scallops, turbot with wild mushrooms and enough garlic to wreck a honeymoon, an exquisite soufflé with calvados and tart Bramley apple sauce - and blackberry ice cream on

the side. Compared with wine prices in similarly up-market eateries, £27 for a decent Pouilly Fumé did not seem unduly expensive and £5.20 for a couple of glasses of Muscat de Beaumes de Venise with dessert seemed positively reasonable.

It was somehow typical of the place that two small digestifs of Marsala had been left in the room. At breakfast, which began with raspberries and blueberries from the buffet, we nobly refused the Buck's Fizz before setting off along the Cotswold Way to Snowhill.

A warm sun quickly dried the previous day's mud. We had declined the Lygon's clean-up offer. You could demand the earth there and probably get it, yet having them remove it from our boots seemed somehow asking too much.

Information: A standard double or twin room at the Lygon costs £135 a night with continental breakfast but excluding VAT. Suites range from £245 to £330.

The hotel, part of the Savoy Group, also offers a variety of special breaks. For example, two nights, including dinner and continental breakfast, a bottle of champagne and a farewell gift, costs £255 per person.

For reservations ring 01386-852255 or call toll free through Leading Hotels of the World on 0800 181 123.

Spires and Spirits

A walk on the wold side

On a ramble in Lincolnshire, Christopher McCooney appreciates the area's churches and pubs

It is very empty. A lot of sky. Certainly not as flat as a pancake. Rolling. Each of us was trying to describe the scene as we rested in post-pub lunch pose - one foot on the lowest rung of a five-bar gate, forearms resting on top, looking out over the wolds.

There were patches of woodland but the overall impression was of swaths of yellow rape, green wheat and barley that had purple ripples as the wind blew across it. According to the Ordnance Survey map, there were hamlets all around but, for the most part, they were hidden by folds in the undulating hills.

The map also provided clues to the emptiness - it marked the site of a medieval village. The Black Death had wiped out whole communities in the 14th century. Subsequently, changing agricultural practices meant that sowing and reaping by hand had given way to mechanisation.

During a day's walk, we had visited five of the nine churches in the South Ormsby group of

parishes. This was the first group of its kind to be formed in the country in an attempt to overcome the feeling of isolation both of the people, who still lived and worked in the country, and the clergy.

The first team of clergy consisted of five parish priests and one deaconess. Today there is just one priest for the group which covers an area of 75 square miles. The nine churches serve 16 communities with a total population of just over 800.

Each of the churches has distinctive kneelers. They are the result of a ten-year project begun

in 1986. Nearly 100 of the local parishioners took part - men, women and children varying in age from nine to over 80.

The designs were worked in tent and cross stitch and chosen by the embroiderers themselves. They range from religious symbols and crosses, to wild and garden flowers, animals and birds and local country and church scenes.

Indeed the countryside is very empty - but none the worse for that. In spite of the vast acreage planted to cereals, the folds of the wolds do not make the countryside monotonous. Parkland estates with mature trees and lush grazing add variety. Following the Roman road through the Massingberd-Mundy estate at South Ormsby we encountered a herd of magnificent Lincolnshire Red cattle, munching contentedly, quite oblivious to the SSE future stampeding the media.

The estate has been in the Massingberd family since 1688. The current squire is in his late 60s and is a bachelor but his name



Lincolnshire: the countryside is very empty - but none the worse for that

Christopher McCooney

We came across a herd of magnificent Lincolnshire Red cattle

will live on with the sign of the local pub. Samuel Wesley was rector at South Ormsby for a time - his 15th child, born in 1703, was called John and it was he who founded Methodism.

Approaching Tetford we saw a pair of fully grown hares, seemingly chasing each other just for fun. A local story has it that a woman who lived near the church had magical powers and could change herself into a hare. She would run out through the cat-lap. But one night her son Jack was out poaching. He shot his own mother but did not kill her. Back home, and as a human

once more, she had some difficulty in explaining her wound.

Alfred Tennyson was born in the nearby parish of Somersby where his father was the rector. The ill-health, mental illness and alcoholism of his father accounted for a pretty miserable early life but it did not stop Tennyson junior being appointed Poet Laureate by Queen Victoria in 1850.

Many of his poems relate to people and places that he knew in Lincolnshire. In 1884 the tobacco and port-addicted poet was elevated to the peerage and ever since he has been known as

Alfred, Lord Tennyson.

After a day out in the fresh air, we looked forward to the fare at the Vine Inn, South Thoresby. It was just as well that we had worked up an appetite. Ethnic food: Lincolnshire sausages in Yorkshire pudding with gravy took care of the inner man. The evening in the snug with the locals was the very best in British beer and banter.

I liked the story of the local boys who shot starlings with an airgun and sold them to a game dealer, who in turn sold them to the French as English partridges. My favourite, however, was the

one told by Dave about his mate Patsy. They had gone to a posh restaurant with their wives to celebrate an anniversary. Dave kidded Patsy that the finger bowl contained soup. It had a slice of cucumber and lemon in it. Patsy drank it - much to the mirth of his friend especially when she told the waiter that the "soup" was nice, but a bit thin.

The Vine Inn, South Thoresby, Airedale, Lincs. LN18 0AS (01507-480273), has three rooms to let with B&B at £15 per person. Recommended for connoisseurs of full English breakfasts and malt whiskies, it has a collection of 172

Snapshot

It is golf, but not as we know it

Arnie Wilson finds the perfect place for shy learners

There is one big problem about playing golf: the unspeakable agony of learning. The sheer embarrassment, especially at the dreaded first tee, of mis-hitting the ball, or not even connecting at all, can be so acute that some people simply cannot summon up the courage to start at all. Ever.

Ken Bruce, the broadcaster, gave up playing golf on the spot when his sliced drive at the first tee almost decapitated a golfer approaching the 18th.

Golf has its practice ranges and greens, but if you are a beginner and want to play on a proper course, you are almost doomed to suffer the acute embarrassment of being watched with a cynical eye by proper golfers.

But help could be at hand. For golfers, or rather would-be golfers, who are prepared to travel to New Zealand (admittedly, for some, a long way to go for six holes - although one can, and usually does, go round three times) there is a course available where the only onlookers are likely to be sheep.

For aspiring golfers of a nervous disposition, the Ringa Ringa Heights golf club at Stewart Island (population 450-ish) could provide the end to nightmares.

Stewart Island is a small blob on the map to the south of New Zealand's South Island, about the size of Tenerife, and was purchased by Queen Victoria from the Maoris for £5,000.

But if one of your dreams is to go around a golf course without being laughed at, Ringa Ringa Heights is the place. I know it works, because I played there with someone even more scared of golf than I am - a non-golfer absolutely terrified of making a fool of himself. There was no one there - no one at all - to laugh at him.

Only the sheep. And the gannets.

Ringa Ringa Heights opened almost 10 years ago with a ceremonial shower of lollipops dropped from an aeroplane window over the clubhouse, which is a caravan.

It is the most southerly six-hole course in the world, and is just about as far as you can get from the frowning gaze of club officials at the likes of St Andrews in Scotland, home of golf's governing body.

It has three par fours and three par threes - a total par of 63 if you go round three times. The club has 40 members, including 10 women.

Sue Morris, the manager, says: "Some of the mowers - the sheep - have gone to family roasts, but we do have a tractor-driven rotor cut to define the fairways.

"There are great views from all the holes; my friends from England were ecstatic about it, but they christened the fairway between the 5th and 6th holes 'coronary corner' because it's such a steep little pitch."

On my trip, I managed to break 100 for the first and last time in my golfing career. Mind you, that was just for the six holes.

Would-be golfers embarrassed about playing on a crowded course might like to call the club on 0664-3 219 127, or the New Zealand Tourism Board in the UK on 0800 302900 for further information.

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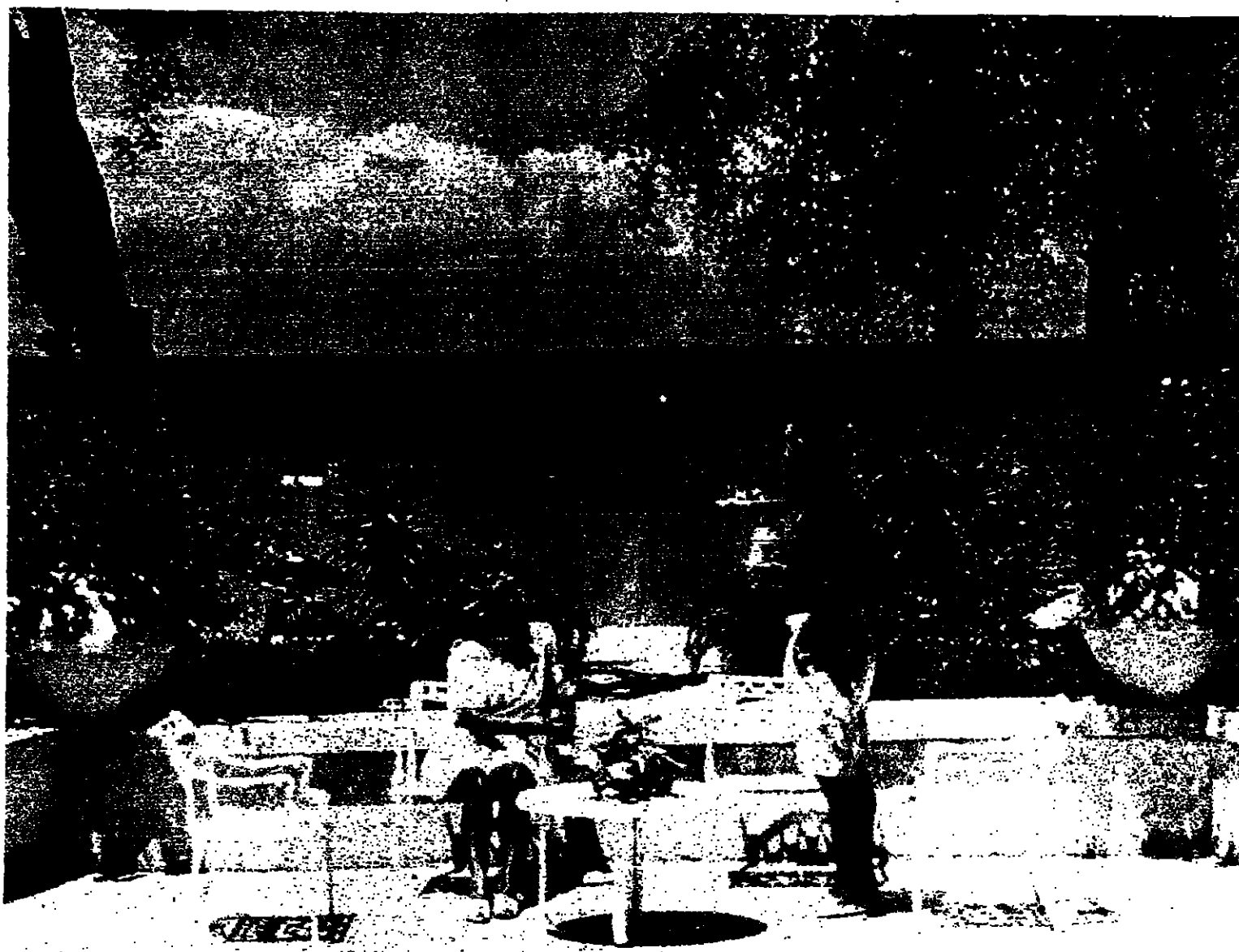
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TRAVEL



Sandy Lane: fit for the Emperor Tiberius but the bread went missing at the breakfast table

A few cracks in the old lady's make-up...

...but don't worry, the pursuit of perfection is in hand, says Antony Thorncroft

Luciano Pavarotti met Gary Lineker at the Sandy Lane Hotel and the consequence was a pasta-flavoured crisp. One of the harmless side attractions of staying at one of the great hotels of the world is spotting the ill-assorted public faces occupying adjacent tables. It is also warmly reassuring: if the rich and famous choose this hotel it must be just so.

Sandy Lane is the most celebrated hotel on Barbados, the number one holiday destination for rich Britons. The uninhabited island was settled by the British in the 1620s and the combination of old country traditions - Gothic parish churches, cricket, reticence - married to a marvellous climate and wonderful beaches, makes it a natural second home for the (mainly) nouveau riche. The fact that Concorde now flies there direct throughout the year says it all.

Sandy Lane has one natural advantage: it is on the Caribbean side of the island, which guarantees a calm sea and amazing sunsets. (The Atlantic coast is all tempestuous breakers, lovely to look at, deadly to be among). It also has an inestimable man-made asset. Owen Robertson Ward, its architect, was a man of the old school, and in 1981 designed

a hotel that has a timeless elegance, an echo of Amalfi in the Americas.

Perhaps the best moment of a stay at Sandy Lane is arriving at the wide open entrance and seeing the sea ahead, framed through a porticoed terrace which only needs some draped Alma-Tadema beauties to be perfection. The public areas leading on to the beach are a medley of gracious curves and angles and subtle comfort. The Emperor Tiberius would have felt quite at home.

After that, reality quickly asserts itself. Sandy Lane grew beyond the imagination of its founder Ronald Tree, an American-born Tory MP, who created 40 rooms, mainly for his friends, and it grew at a bad time. The later additions are not felicitous, with small rooms down long featureless corridors. Amazingly the swimming pool, fairly tiny, fairly mundane, is built away from the sea, towards the out-house, this is inevitably a beach hotel.

There are other minor irritations which would not go unnoticed in a Swiss hotel - a dead remote control switch for the television - does anyone really need a set in such an outdoor setting? - a non-functioning bedside light; unexciting, and only occasionally replaced, toiletries

in the bathroom; a marked absence of bread at the unexceptional buffet breakfast - does not the hotel have its own bakery?; a staff that seems geared to regular visits by the super-rich rather than ready to welcome everyone. And, while in a critically constructive mood, it is disconcerting to have

can pad around barefoot in beach wear during the day. The restaurants, especially that dedicated to Italian food on the edge of the beach, are some of the hotel's finer assets, and there is some pleasure in dressing up to the standards of the hotel.

For all its minor irritations the place does look and feel right. Casual luxury, expensive ease, traditional style are descriptions that come to mind as you get whisked away to the airport in the white Rolls Royce.

Apart from dealing in two currencies there is also the strange anomaly over the room rates at Sandy Lane. It costs \$535 a night for an ocean view room until mid-December; twice that over the Christmas holiday.

It is probably a bargain if you are a golfer because, as a guest at the hotel, you can enjoy inexpensive access to one of the more picturesque courses of the Caribbean, which climbs the hill behind the hotel. Tennis and water sports facilities also get pampered. But as only around 15 per cent of guests are golfers they are being subsidised by the rich beach bums.

In recent years Sandy Lane has been owned by Forte, briefly belonged to Granada, and last year was bought by a consortium led by Irish millionaires JP McManus and Dermot Desmond. They are prepared to invest heavily in their property, and aim to close the hotel during the summer of 1998 in order to make the necessary improvements, which will embrace many of the rooms, the swimming pool, and the golf course.

It is a timely move. A few miles up the coast Barbados has another brand new golf course, the mighty impressive Royal Westmoreland, which competes with Sandy Lane, not only as a sporting alternative but as a base for the rich in the 300 villas, priced from \$500,000 upwards, arising on the estate.

There is also a new owner, Princess Hotels, for the Royal Pavilion and Glitter Bay, contrasting twin hotels just along the coast, which offer a similar location, and much the same luxury, for fewer dollars.

Royal Pavilion has some of Sandy Lane's stateliness, while Glitter Bay competes hard in the market that Sandy Lane, surprisingly, has made its own - as a wonderfully welcoming hotel for families with children.

How Nevis lost its innocence

Underneath a waving palm, James Henderson contemplates life on a small, tropical island

The revelation came only slowly, dazed as I was, prostrate under a palm tree, sheathing from the full strength of the sun. Gradually it gathered its full portent, the horror and responsibility, while the sunlight spangled through the restless brushwork of the palm fronds. But then it clicked. Poised above me was... the Coconut of Damocles.

For those who are a little shaky on their ancient history, the courtier Damocles had a dangerous habit of oversteering the contentedness and good fortune of his tyrant king Dionysius, who consequently decided to set the record straight.

He treated Damocles to the most lavish of dinners, but sat him beneath a sword hanging by a horse's hair. And here was I, luxuriating in the charms of Nevis, one of the loveliest islands in the Caribbean, responsibility looming ominously overhead. Rather a pertinent dilemma altogether.

But then, Nevis really is a lovely island. It is small and still relatively difficult to get to, which means that it is not swamped by crowds. It is beautiful too. Tropical greenery clamours at the roadsides and throbbles the old stone walls and sugar estate buildings that survive from Nevis's heyday two centuries ago, when the slopes were carpeted with cane. Some of these estate houses have been restored into plantation house hotels and they retain the graciousness and elegance of that time.

It was all too easy to succumb to the dreamy quality of the planter's life at Montpelier - the tropical fruits and cocoa for breakfast, bougainvillea in pink and purple and the shade of magnificent trees. I made a mental note to watch for coconuts. And the best moment of the day, early evening on the veranda, sipping a planter's punch before dinner, as the tree frogs struck up their nightly peeping chorus and the fireflies meandered, flashing, around the garden in their 20-minute search for a mate.

I might have hoped that Nevis would never change, but in the way of the West Indies, as soon as you arrive the latest island gossip reveals itself. Nevis is on the move. A normally terminally dozy island, it has a buzz about it. In the past two years people have begun to drive quickly, because they have to get to work on time

(somehow, it never seemed to matter much before, but now they are in danger of being fired if they are late). In the three years since I visited last, Nevis has lost its innocence.

It would be pure sentimentality to gainsay progress unless it destroyed the island's charm, but Nevis is still a thoroughly charming place, far more so than lots of islands that pretend to be undiscovered. I scowled at the threatening coconut, took full stock of my responsibility, hopped up and set off along the sand of the beach - sumptuous,



grainy and golden brown, with a tangled backdrop of slender palms, under which are dotted beach bars. I stopped in one to admire the beach and the magnificent view of Nevis's sister island, St Kitts.

I have always had a private joke about the relationship between the two islands. There are the Kittitians, pronounced as in petition (which they occasionally do) and Nevisians, as in revision. The joke seems to have come home to roost and the Nevisians are revisionist after all. Nevis, all 9,000 inhabitants and 38 square miles, is in the process of declaring independence from St Kitts. Like most small partners in convenient colonial alliances, the Nevisians feel put upon, but the Kittitians do not want to let them go.

"It gotta happen," said the barman as we settled in for a beery debate.

It is complicated, of course, because every Nevisian has relations in St Kitts, and although in the past all but 12 Nevisians

have voted for independence, it is a little more daunting now that it is suddenly more possible. On a more practical note, St Kitts has all the pension and social security money and it is using its legal powers to set constraints on Nevis's small but growing offshore banking industry.

The barman intoned gravely: "I mean to ave words 'wid Mr Amery (the Nevisian Chief Minister) about it." In the way of the West Indies he probably will. Politics apart, Nevis is fun to explore. I took a walk up into the hills with Jim Johnson, an agriculturalist who sprinkles his walks with snippets of knowledge about the local animals and the traditional uses of Caribbean plants.

Apparently it is the gathering moisture of evening that makes the tree frog sing. It stretches a membrane in its head - I suppose this also explains why when it rains the whole place is overwhelmed with peeping song. We walked up into the Green Ghaat (a ghaat is a local name for a watercourse in the mountainside, a sort of volcanic stretch-mark), where whole hillsides, even other plants and trees, were blanketed with morning glory vines.

Red and black jumbies beads, like ghostly eyes, watched us pass and ear-like jelly mushrooms listened out for our footfall. As we descended in the jungle, Johnson pointed out domestic and medicinal plants - cinnamon, cashew, limes and soursop. Eventually we stumbled into the foundation of an old plantation house. Not much was visible except the floor plan of a once magnificent house and its outside kitchen. But you could see why they chose the setting because of a superb view of the island's possibly soon-to-be former partner, St Kitts.

Of course you are told never to sit under coconut palms - people have been killed by falling coconuts. For me, natural over-enthusiasm aside, Nevis really is a charming place.

James Henderson flew to the Caribbean on BWIA (tel: 0181-577 1100), which has two flights each week to Antigua, from where it is a short hop to Nevis. The (St Kitts and Nevis) Tourist Board can be contacted on 0171-376 0831.

James Henderson is the author of the Cadogan Guide to the Caribbean and the Bahamas. A fourth edition will be published later this year.

In search of unburied Treasure

John Westbrooke makes the most of Jamaica's empty beaches

Here is a strip of pale sand, half a mile long, and with not a body on it. A desert island? Not at all. It is Jamaica, one of the world's better known resorts - and it still has empty beaches.

This is Treasure Beach, on the remote south coast. Steady downpours are bringing flash floods to the north, but the south is called "the desert" by the locals: the air is warm, the sky a heat-hazy blue, and the ground dry.

The Treasure Beach Hotel has big, white rooms, two swimming pools and a well-spoken restaurant. All looked empty. An American couple finally emerged to sit by a pool.

A Jamaican vendor turned up on the beach to hawk crummy curries and *paria* (marijuana), but no-one wanted any and he went away. That appeared to be the highlight of the day.

For breakfast we went to the Trans-Love Bakery, a modest building in a field of goats. Its staff and clientele seemed to consist of American hippies, friendly and happy to be miles from anywhere. They make wonderful bread and pastries.

One of the guests, Joshua

Lee Stein, turned out to be a travelling musician, formerly of New York, who owns a collapsible table behind his bicycle. He set up shop under a tree by the waves and for an hour - and a modest \$30 - located, kneaded and smoothed every knot in my body, before leaving me smoozing with bliss.

An outing took us to Black River, a town along the coast. The river itself is 44 miles of brackish water, lined with mangroves and inhabited by crocodiles, and boat trips carry you six miles along to meet them.

Crocs are territorial beasts, so she drives know them by name: Big George was out for the day (all 13 ft of him) but Margaret and Tom and his girlfriend Josephine were at home, sitting in the water or on the banks. They scarcely move; not until you see one gliding serpentine through the water does it actually look scary.

For dinner, Jake's Place on Treasure Beach. This hotel/restaurant is the best known establishment for miles, since it appeared in a US travel magazine and is now full of people getting away from it all.

"Fall" is relative: it has

only seven rooms. These take the form of minimalist adobe chalets (actually artfully plastered concrete blocks) scattered among the long grass and painted in pastels.

Some have bottles incorporated in the walls or ceiling to let in light or hang things on. Slatted shutters admit breezes from the sea and the fields behind. Although Americans find this idyllically rustic, Europeans may see it as a designer version of a Greek island village without the mosquitoes (because of the dry climate) - and no worse for that.

The rooms were designed by the owner's mother, Sally, who is still there, pondering her next chalet; but the owner himself (Jason Hensell - "Jake" is merely a parrot, who has moved to the Bakery to be nearer a

lady parrot) is in Paris, opening a branch of the restaurant on the Rue Neudilly. This should be good: any steak was fine, but those who tried it said the chicken Kiev was a world-beater.

Afterwards, we sat sipping rum at the outdoor bar, by the light of colourful candles made next door. The sea rumbled in and stars blinked in the clear night sky. It was packed: a dozen people, maybe.

Not all Jamaica is quite so deserted, of course. The big all-inclusive resorts (Sandals, Beaches, Hedonism and the rest) can be found along the north coast in places like Ocho Rios and Negril. You can spend all day there in the steamy sun and never meet a Jamaican who isn't a waiter.

Those who want to get out of the compound can climb waterfalls, visit rum distilleries and coffee plantations, or go on languorous bamboo raft rides along the Rio Grande; we did all these and still saw almost nobody.

If you do want to meet the people, plunge into the towns. They have a dodgy reputation: every Jamaican tourism official you see is grumbling about harassment of visitors; and yes, you should not go to the

poor areas of Kingston after dark any more than you would in New York.

My camera attracted some hostility - locals dislike being photographed, apparently sensing some first-world plot to make them look quaint and exotic - but I myself did not; people were mostly kind and welcoming.

But Jamaica punches far above its weight culturally. It has produced its own cuisine (ackee, bammas, callaloo and much else); its own patois, incomprehensible to the untrained ear; its own religion, Rastafarianism - worshipping the late Ethiopian emperor Haile Selassie - which involves dreadlocked hair, smoking *ganja* (spliffs the size of rolled-up newspapers and above all its own music, the reggae popularised around the world by Bob Marley).

Pretty good for an island barely 150 miles by 50; and it would be a terrible shame to spend all day by the pool and never see it.

John Westbrooke was a guest of the Jamaica Tourist Board. Tel: 0171-324 0505. Air Jamaica (0181-570 7898) flies non-stop between the UK and Jamaica four times a week; air crew stage fashion shows and aerobics en route.

Don't miss the Weekend FT's Forthcoming Travel Feature on Australia

For further information or to book space within this feature, please contact:

Dominique Moseley Tel: +44 171 873 3576

Email: dominique.moseley@ft.com

or Paul Meakins Tel: +44 171 873 3218

Email: paul.meakins@ft.com

Fax: +44 171 873 3098

FOOD AND DRINK

Wine/Jancis Robinson

A challenge to the retail giants

Can independent merchants rival the multiples on wines priced under £6 a bottle?

Last week BBC Radio's arts flagship Kaleidoscope was broadcast from the 200-year-old Hatchard's in central London and devoted itself to the business of selling books. A sense of impending doom labelled Multiple Retailer Power hung over the assembled independent booksellers.

The book trade has always been remarkably like the wine trade, except that it is rather further back in the evolutionary chain. Supermarkets have dominated wine retailing in Britain since the early 1980s, and the wine trade's equivalents of Dilsons and W H Smith/Waterstones (Thresher/Bottoms Up/Wine Rack and Victoria Wine) for even longer.

Independent specialist retailers of all sorts are under threat. We love them dearly in theory but in practice, all too often, it is easier and cheaper, particularly for less expensive wines, to take advantage of the buying power of the multiple retailers – or is it?

Stung by the fact that such an overwhelming majority of wines

recommended in the national press come from the supermarkets or national chains, Adam Brett-Smith, managing director of City wine merchants Corney & Barrow challenged me to a tasting of wines under £6 recently.

He recruited wines from his fellow members of The Bunch, the most *mediatique* group of independent wine merchants, and I threw in three from each of Oddbins, Sainsbury's and Victoria Wine.

Adams of Southwold and John Armit Wines of London W11 declined to take part but there were between four and six wines from each of Corney & Barrow of London EC1, Laytons of London NW1, Lay & Wheeler of Colchester, Essex, Tanners of Shrewsbury, Shropshire and

Yapp Bros of Mere, Wiltshire. Prices ranged from Oddbins' £3.18 for the southern French mainly Merlot blend sold by them as Cuvée de Grignon (very similar blends available as Montagne Noire Rouge £3.99 Asda and Winter Hill at £3.29 Waitrose and some Co-ops) to a cheeky, gamey £5.46 1994 petit chateau claret from C&B.

I have not come across a better red for under £3.30 than Focallieu's widely-stocked, California-influenced blend, but in this company it tasted distinctly thin. Paying slightly more than another £1 would secure you a wine that is at least five times as good, in particular Corney's Domaine de la Jonction Syrah 1995 at £4.47.

This appealing if basically labelled Vin de Pays d'Oc –

C&B was just the slightest bit vague about its origins – is stunningly good for the money: textbook full-bodied, slightly burnt-rubber Syrah that could give far more pleasure than most varietal Syrahs from the Rhône. The 1996, coming on stream next month, is a fine successor.

Yapp's Vin de Pays des Coteaux de la Cèze 1995 Mabey at £4.95 also demonstrated that the deep south of France is the place to look for well-mixed, warm explosive ripe reds.

Corney's showed a seriously exciting white, a revitalising tangy blend of Sauvignon Blanc and Semillon from Bergerac that knocked spots off Sainsbury's Reserve St Marc Languedoc Sauvignon which was only 12p

cheaper. La Combe de Grignon 1995 is £4.11 from Corney & Barrow, tastes as vital and concentrated as a 1996 and is worth every penny.

Lay & Wheeler took the precaution of submitting a mountain Corbières, Borie-Azeau 1994 at £5.99, that I have already recommended on these pages. But it was their Roxan Montepulciano d'Abruzzo 1995 at £4.99 that was particularly impressive – so much denser and more redolent of steeped damsons than the vapid blends generally sold under this name now that prices have quadrupled over the last two years.

It is perhaps significant that Asda (which has a Tollo Montepulciano at £2.99 that is not worth brushing one's teeth with)

are also charging £4.99 for the equally exciting oak-aged Villa Pigna Rosso 1996 made from 35-year-old Montepulciano vines for £4.99. Fullers' Villa Pigna Colle Lungo 1995 Vino da Tavola delle Marche at £5.99 is the seriously underpriced de luxe version worthy of the supplement for the super-sleek bottle alone.

The closest we got to a head to head struggle during this tasting was a comparison of young clarets selling for around £5. If traditional independent merchants have expertise, it should surely manifest itself here in the basic Bordeaux rouge arena where there have been so many encouraging developments recently.

In fact even Brett-Smith had to admit that Oddbins' Ch de Mousquet 1995 packs an enor-

mous punch of potential for £5.49, although he upheld the virtues of Laytons' Ch Pradeaux Mazau 1995 as a fine lunchtime claret for £5.39.

At the end I added up and averaged my scores for value and found that of the eight retailers represented, the most successful performer was Victoria Wine, from whom I had selected three particularly notable bargains: Muscadet 1996 Domaine de la Roulerie, stunningly delicate and lively for £4.49 thanks to extended lees contact and the input of Master of Wine Hugh Suter; the positively burgundian £5.99 Vinas del Vero Chardonnay 1995 from Somontano in northern Spain; and the dark, brooding Deakin Estate Shiraz 1996, a snip at £4.99 – the same price as at its independent agents Bibendum of London NW1.

My conclusion from this extremely partial comparison is that the independents, generally weaker in the New World (and virtually lifeless under £4), can certainly give the multiples a run for their money between £4 and £6 a bottle.



A L'Huîtrière is unashamedly bourgeois in feel, redolent of the more leisurely era in which it was created

Eating out/Nicholas Lander

A great dining deal in Lille

Lille's initial attraction had been the red Michelin description of A L'Huîtrière, a restaurant with an original tiled interior dating back to the late 1920s. Eurostar's cut-price £49 return ticket from London made lunch there a reality.

Arriving just before mid-day allowed me to stroll past the renovated Opera and discover, opposite the Chamber of Commerce, the artisanal world of Jean Trognoux which you enter past a fountain of warm, liquid chocolate.

This family firm began in 1872 by making macaroons in nearby Amiens. Subsequently, it has been run by five generations of the Trognoux: Jean-Baptiste, Jean, Jean, Jean-Claude and today's Jean Alexandre. Alongside the pots of jams and honey are *sauces* made of chocolate studded with nuts and, amusingly, a chocolate mobile

phone – much less irritating than the real thing and yours for a mere FF15.

Five minutes further on, past Crockaert, a splendid *traiteur* which offers six flavours of mini-boudins for your next cocktail party, you come face to face with the magnificent Art Deco exterior of A L'Huîtrière.

A broad, curved tiled frieze depicts fish swimming along the seabed with a pink lobster above. Tiled lettering entices you to try specialities such as oysters, shellfish and frogs' legs. At eye level are more tiled friezes of fish and fishermen at work. A magnificent lobster tank rises from the floor and highly polished wooden doors conceal ancient refrigerators. At a marble-topped food preparation area a matronly woman in a blue checked apron was patiently prising the white meat out of a large crab while talking to a young boy

suitably dressed in a sailor suit. The entrance to the dining room is along a corridor adorned with illustrations of the restaurant going back to its oyster stall inception in the 1880s. When I sat back, menu and glass of Badot in hand, it struck me how unusual the restaurant is.

Walters were running upstairs with the orders and commis waiters struggling down again with their laden trays. In most restaurants the kitchen is almost always in the basement but here the kitchen is on the first floor and the pastry section above that on the second floor.

The menu is unfashionably enormous. Apart from the business lunch with four choices at each course (FF260), the *à la carte* menu comprises 12 starters, 14 fish and six meat main courses, 14 desserts and another five specials of the day. There was also a seven-

course *menu d'aperçus* that began with an asparagus tart and progressed to variations on asparagus with sole, skate and lamb.

This catholic offering, incorporating classic French classic dishes and regional specialities, might make it easier to choose if you eat here regularly but it left us temporarily incapable of reaching any decision. And, I noticed, made for a slow service for customers who placed their orders after us.

Our deliberation was eventually rewarded with three exquisite first courses: slices of Soume eel and diced leek topped with thin slices of crisp potato; a gratin of pink, plump crayfish and a bowl of tenderly sautéed grouse mushrooms – their freshness not overpowered by garlic or parsley.

Fillets of monkfish, wrapped around small pieces of overly pungent pork and a beer sauce, typified the robust cooking of this par-

ticular region but was too strong for me. The desserts, roast apricots with a vanilla ice cream, a spectacular dish described as half soufflé, half ice-cream and a local, highly glorified variation of *pain perdu* were delicious, as were the small flat dark chocolates, in the shape of turbot, served with the coffee.

A L'Huîtrière is unashamedly bourgeois in feel, redolent of the more leisurely era in which it was created. It is calm and comforting, an antidote to many London restaurants. A strong pound and a swift train from London now make it most accessible for UK travellers.

■ A L'Huîtrière, 3 rue Chats Bossus, Lille. Tel: 3 20 55 43 41, fax 3 20 55 33 10. Closed Sunday evenings and July 22 to August 23. A la carte £35 per head.

■ You must book 14 days in advance to take advantage of the £49 Eurostar fare (tel: 0990 300 003)

London pubs: The White Horse Beer-lover's paradise

Giles MacDonogh tipples in SW6

It was 9.30 pm when I got to The Imperial in the Kings Road. Outside a boy of eight or so was rehearsing a rich vocabulary of obscenities before an even younger audience. I pushed open the door. The pub was virtually empty. I made my way towards the back where, in the past, I have been accustomed to find excellent Irish native oysters and roast lamb.

Suddenly a voice rang out from behind the bar. It was the landlady. She had been deep in conversation with a customer. "Can I help you?" "Yes," I replied. "I was looking for something to eat." "Kitchen's closed," she snarled laconically. "Then you can't help me," I said. I resolved to go to the White Horse instead.

Now in terms of drink, and some would maintain, food too, the White Horse is possibly the ideal inner-city pub. The owner, Bass Charrington, makes sure that the bistro is in top condition, otherwise it allows Mark Dorber to run the show and bring in whatever he likes. The result is a beer-lover's paradise.

I asked for wheat beer. The barmaid was a model of the genre. "Which one?" She said. "We have four on draught."

"Which do you recommend?"

"The Thunderstorm's good."

"Then I'll have a pint." I took it back to my seat. I found it a little bland, it lacked a proper yeasty taste, but I had already noticed that they also had Schneider Weiss in bottle, a *sine qua non* for the summer months.

They also provided all 15 Trappist beers from Belgium and Holland as well as a wide-ranging selection of visiting beers on draught.

I turned to the wines. They too were well chosen. I saw Château Musar from the Lebanon, Nine Popes from the Barossa Valley, and Viennx Télégraphe from Châteauneuf du Pape – bottles which wine-lovers cry out for, and would hardly dare imagine in a pub.

Pub food came in the form of bar-snacks: steak sandwiches and fish and chips. The dishes offered to diners in the aisle furnished with church pews was rather more pretentious: "roasted" or "pan-fried" with lashings of goats' cheese, rocket and sun-dried tomatoes. Still, it was wholesome enough.

The pub itself just misses being architecturally attractive. It sits at the top of Parsons Green and the toppers spill out on to a roomy forecourt. There are plenty of old trees about on the green. Inside there is Victorian embossed paper on the ceilings and a small amount of old glass. On the walls there is a lot of beery paraphernalia and pictures of the great gurus of the tap including Michael Jackson, Britain's authority on beer.

There are no fruit machines, thank God, but the rest was crudely modernised when the old bars were ripped out. It lacks the cosy feeling of an old pub.

Many would say that was another advantage: it is loud, lively, and I presume it is easy to make new friends at the White Horse. By 9.45pm many of the customers were already three sheets to the wind.

'The barking tone... bore the accent of the minor public school'

A mobile phone appeared an indispensable part of the kit, strapped to your waist like a revolver, or lying on the table in front of you; if you cannot drink with a friend you may ring one up while you drink. Sitting in the bar was a little like working in a telephone exchange manned exclusively by alcoholics.

It was a very cold day in late spring, but many of the male customers were wearing shorts, T-shirts and baseball caps. The rest wore striped shirts and ties at half mast, evidence that they had popped in on the way back from the City. Insurance brokers mingled with estate agents. The loud barking tone, the screeching of the women, all bore the accent of the minor public school.

■ The White Horse, 1 Parsons Green, London SW6. Tel: 0171-736 2115.

Vodka is definitely experiencing a long period as flavour of the month. While some newly concocted flavours may be a bit silly – chocolate and pineapple come to mind – there are a lot of traditional flavours that are just right.

Classic Vodkas by Nicholas Faith & Ian Wisniewski (Prion, £9.99) is anything but dry reading, providing such little known tidbits as: "The MIG 25, Russia's most advanced fighter, became known as the flying restaurant because it carried half a ton of (drinkable) alcohol in its braking systems." Classic Vodkas also describes all the different brands as well as flavoured vodkas.

This knowledge can be put to good use at Tarr's Bar in the Langham Hotel on Portland Place, W1. There is a total of 92 vodkas available, suitable for any occasion: Polish honey vodka if

you need to sweeten someone up; or Goldwasser with bits of real gold leaf if you feel deficient in vitamin Au. The vodkas are served ice cold in 50ml stemless flasks which rest in stands filled with crushed ice.

Giles MacDonogh

■ Interest in good contemporary Indian cooking continues to grow. Zujuma, 58A Wimbledon Hill Road, London SW19, is the first restaurant in what may become a national chain.

Zujuma features good, contemporary Hyderabadi cuisine and smart design. Zuju Sharaf, who has developed the menu and recipes, has long used olive oil instead of ghee and

prefers it for both health and taste: the cooking is light, startling, memorable.

The same might be said of the interior, the work of United Designers, responsible for Yong among other places. The project was initiated by Whitbread, which sees great potential in high-quality, high-style, mid-pocket Indian restaurants.

George Dorgan

■ While on the subject of Asian cooking, inexpensive and still popular in the East End are The Lahore Kabab House, (0171-488 2561) and the Clifton (0171-247 2364).

The latest and most innovative to open is Soho Spice, at 124-126



Wardour Street, W1 (0171-434 0808), the creation of Amin Ali who opened the Red Fort (0171-437 2115) in Dean Street in 1983. Soho Spice operates as an Indian café, serving breakfast from 7.30am and afternoon

mini-meals.

The list of a dozen beers is impressive and includes a 650ml of Indian brewed Cobra beer (£4).

Main courses, such as tandoori chicken tikka, tandoori lamb chops, chilli aubergines and spicy prawn curry are served with rice, vegetables and nan although somewhat disappointingly in individual bowls on a tray that reminded me of an airline meal. But the pricing is keen – expect to pay roughly £15 per head with beer.

Nicholas Lander

■ Waitrose is selling glorious mauve-streaked Italian aubergines that are fat spheres – not the elongated black tubes we have grown used to in Britain.

The last time I saw and ate them was in a market in Sardinia. Meat-coloured and black-marked, they tasted unbelievably meaty – as indeed do the Waitrose version. Available, subject to demand, until the end of the summer.

Hugo Arnold

■ Good butchers can be a bit thin on the ground, and no matter how good a cook you are, you cannot reproduce a restaurant quality meat with supermarket quality meat.

Among those who delivers top quality prime Scottish beef directly to the door is Donald Russell.

He supplies traditionally reared, matured Aberdeen Angus

beef to the Royal Household in Scotland, as well as to restaurants including the Waterside Inn, Kensington Place and Chewton Glen.

Donald Russell Direct also supplies salmon. Donald Russell Direct: 01467-629666; fax 01467-624300.

George Dorgan

■ Dried chillies are as different from fresh chillies as raisins from grapes but both are equally valuable in the kitchen, and dried have the advantage of no closed season.

Dodie Miller, of the Cool Chile Company, is their greatest advocate. Her mail order selection of dried chillies, imported from Mexico, comes complete with notes on tasting, tips on preparation and recipe ideas as well as heat ratings.

Orders and inquiries to tel/fax: 0171-229 9360.

Philippa Davenport

مكتبة الأصيل

FOOD AND DRINK

Eating my way through the Hong Kong handover

'All I can remember are the mouth-watering clams with black bean sauce.' So says Ken Hom in the final dispatch from his culinary diary on the last days of a British colony

While politicians quarrelled and thousands of journalists wrote and speculated during the historical handover period, I ate.

It was an auspicious beginning as my aircraft began its descent through the clear skies of Hong Kong, it was so clear that even the business spies of Shenzhen were visible.

Bright, colourful neon lights festooned the buildings and streets of Hong Kong, giving an atmosphere not unlike Chinese New Year. I quickly checked into The Regent hotel, showered and took to the Star Ferry which took me to the Wanchai district where friends were celebrating the joint birthday of Kendall Oei, a young hotel magnate, and Daniel Fung, Hong Kong's solicitor general (the youngest ever appointed and the first Chinese).

The menu was an east-west fusion mix that started with a refreshing prawn wonton and black mushroom broth, followed by a crispy paprika-floured soft-shell crab, which was slightly greasy. Ginger five-spice roasted chicken came on a bed of garlic rice. It was tasty, succulent and comforting. The finale before the cake was a ginger and lime crème brûlée - all very east-west and Hong Kong.

We then dashed off to another party at Shanghai-Shanghai where we danced until 4am. Before leaving, we had the *shu-ye*, a traditional Cantonese late-night snack consisting of congee, a savoury rice porridge, stir-fried fresh rice noodles, Singapore-style noodles and fried doughnuts.

Even with my Cantonese ancestral and culinary roots, I have always had a passion for the savoury dumplings of Shanghai. Some of the best are served at Wu Kong Shanghai Restaurant (Alpha House Basement, 27-33 Nathan Road, Kowloon, tel: 2386-7244) where I had a delectable luncheon of *clao lung bao*, juicy pork dumplings encased in a sheer light pastry, gently steamed. This was quickly followed by vegetarian goose, consisting of crispy layers of beancurd skin with minced black mushrooms; stir-fried shrimp, small bite-sized prawns coated with egg white and quickly stir-fried. I finished with a simple dish of Shanghai noodles with yellow chives and rich soy sauce. A perfect Chinese lunch.

That evening, I enjoyed an even more remarkable meal at another birthday dinner for a close friend. There is nothing like home-made Cantonese food and this was some of the best.

We began the meal with a baked stuffed crab which was served with Worcester-shire sauce, a piquant balance to the rich creamy crab meat. We then had a splendid chicken-conch soup that was light but full of complex flavours. This was followed by a procession of dishes: braised tender spare ribs to fermented red bean curd with preserved vegetables, winter melon with smoky black mushrooms, Chinese style chicken that was slightly smoky, stir-fried Chinese water spinach and the pièce de résistance - a whole fresh steamed fish.

A symbol of good luck and prosperity, the perfectly cooked fish was drizzled with hot oil, soy sauce and a shower of shredded spring onions. The meal ended with a very western birthday cake and fresh lychees from China.

We then spent the rest of the night enjoying a karaoke of Beatie songs and 1960s and 1970s hits. Although my voice was quite strained by 3am, I was still able to enjoy a soothing sweet almond soup served by our host.

An old friend invited me to join his group the next day for a junk trip to Lamma Island. The goal was to eat pigeon at a no-name restaurant. When we finally arrived, there was torrential warm rain. As we sat under umbrellas on the terrace, platters of whole pigeons arrived. These tasty birds had been simmered in a rich delectable broth, then dried and finally fried.

The result was not unlike Peking duck, the skin parchment crisp and the meat tender and succulent. A squeeze of lemon was all that was needed. It was not a dainty affair as we tore the pigeons apart with our hands, devouring and savouring each morsel. Several other dishes followed but we all agreed that the pigeon was the best.

Later that evening, it was chef's night out. Jeremiah Tower, the Californian chef was over with his crew cooking at The Regent Hotel

Fish in wine sauce

This is an elegant Shanghai fish dish served in many homes as well as in the best restaurants.

Even though it calls for a rich wine sauce, it is surprisingly easy to make. The fish is coated with an egg white mixture and then gently cooked in oil (though you can use water); then it is drained and mixed with the sauce.

The mushrooms add a rich smoky flavour, a nice accompaniment to the subtle taste of the fish fillets. Because it is so delicious and so easy to make, this is an excellent recipe for a special dinner party.

50g Chinese dried mushrooms; 450g firm white fish such as sea bass, halibut or cod; 1 egg white; 2 teaspoons cornflour; 1 teaspoon salt; ½ teaspoon freshly ground white pepper; 600ml groundnut oil or water.

For the wine sauce: 3 tablespoons Shaoxing rice wine or dry sherry; 2 tablespoons dark soy sauce; 1 teaspoon light soy sauce; 1 teaspoon salt; 1 teaspoon freshly ground white pepper; 1½ tablespoons rock sugar or plain sugar; 150 ml chicken or fish stock; 2 teaspoons cornflour, mixed with 1 tablespoon water.

Soak the mushrooms in warm water for 20 minutes. Then drain them and squeeze out the excess liquid. Remove and discard the stems and finely shred the caps into thin strips.

Cut the fish into 5cm pieces and then combine them with the egg white, cornflour, salt and pepper in a medium-sized bowl. Mix well and refrigerate for 20 minutes.

Heat a wok until it is very hot and then add the oil. When the oil is very hot, remove the wok from the heat and immediately add the fish, stirring vigorously to keep the pieces from sticking. When the fish pieces turn white, about 2 minutes, quickly drain the fish and all of the oil in a stainless steel colander set in a bowl. Discard the oil.

If you choose to use water instead of oil, bring it to the boil in a saucepan. Remove the saucepan from the heat and immediately add the fish pieces, stirring vigorously to keep them from sticking. When the fish pieces turn white, about 2 minutes, quickly drain the fish and all of the water in a stainless steel colander set in a bowl. Discard the water. Heat the sauce ingredients in a saucepan and bring it to a simmer. Add the mushrooms and cook for about 2 minutes. Then add the fish pieces and heat through. Serve at once.



handover party. We all went out to another Shanghai restaurant (Snow Garden Restaurant, 4/F, Miramar Shopping Centre, 1-23 Kimberley Road, TST, Kowloon) and had a feast, starting with pan-fried dumplings, a Shanghai specialty - light buns filled with a tasty pork filling, pan-fried slowly until the bottoms are crusty and brown.

They were sensational, as



Stir-fried ginger broccoli

(Serves 4)

Broccoli is a colourful and extraordinarily nutritious vegetable. The type known in the west is different from the Chinese variety. The western variety is often purchased in the form of a head of broccoli, which is a cluster of small flower buds. The Chinese variety is a long, slender stalk with small, pointed buds along its length. It is much more tender and has a sweeter taste than the western variety.

450g fresh broccoli; 1½ tablespoons groundnut oil; 1½ tablespoons light soy sauce; 1½ tablespoons dark soy sauce; 1½ tablespoons rice wine or dry sherry; 1½ tablespoons cornflour; 1½ tablespoons salt; 1½ tablespoons freshly ground white pepper; 150 ml chicken or fish stock; 2 teaspoons cornflour, mixed with 1 tablespoon water.

Separate the broccoli heads into small florets and cut the stalks into 5cm pieces. Wash the broccoli thoroughly and drain well.

Heat a wok until it is very hot and then add the oil. When the oil is very hot, remove the wok from the heat and immediately add the broccoli, stirring vigorously to keep the pieces from sticking. When the broccoli pieces turn white, about 2 minutes, quickly drain the broccoli and all of the oil in a stainless steel colander set in a bowl. Discard the oil.

If you choose to use water instead of oil, bring it to the boil in a saucepan. Remove the saucepan from the heat and immediately add the broccoli pieces, stirring vigorously to keep them from sticking. When the broccoli pieces turn white, about 2 minutes, quickly drain the broccoli and all of the water in a stainless steel colander set in a bowl. Discard the water.

Heat the sauce ingredients in a saucepan and bring it to a simmer. Add the mushrooms and cook for about 2 minutes. Then add the fish pieces and heat through. Serve at once.

was the steamed shark's fin soup with Chinese ham. These were followed by a spicy prawn dish, a well-balanced sweet and sour whole fish, braised red-cooked pork belly that was meltingly tender and stir-fried pea tendrils, the tender leaves of the pea shoot plant simply stir-fried with shrimp paste.

I was invited to spend the eve of the handover with Cindy and Dennis Lo, Chi-

nese friends who live in Repulse Bay. I knew it would be fun, as the invitation was addressed to Commander Ken. Chinese from London and Singapore were invited to a simple barbecue with satay, pork ribs, steaks, salads and - very Chinese - marinated chicken wings.

All this delicious food was accompanied by vintage Bordeaux and burgundy. We gathered around the television at midnight as the official handover ceremony began.

After the historical moment we toasted each other with champagne and were invited by our hosts to proceed to the table and enjoy the *shu-ye* spread, yet another midnight Chinese snack.

Everything was delicious but after all the wine and champagne and mixed emotions, all I can remember are the mouth-watering clams with black bean sauce.

The next day, I attended the Welcome China Gala at the Regent hotel in Kowloon. It was a salute to the regional cuisines of China also featuring the food of celebrity chefs Wolfgang Puck, of Chinois restaurant, and Jeremiah Tower, of Stars Restaurant.

The entire hotel was transformed with a festive Chinese decor with everyone dressed in traditional Chinese clothes. Entertainers abounded as a *fin de siècle* atmosphere prevailed. But again the highlight was the food.

More than 2,800 people gathered to eat dim sum, roast sucking pig, smoked salmon, Peking duck, Shanghai noodles, Hunan beef, roast beef, fresh oysters, mounds of prawns and mussels... these were only a few of the toothsome dishes available. Then we gathered to look at neon-lit floats in the magnificent harbour and the incredible laser and fireworks display. The sense of being a witness to history was felt by everyone.

As I stumbled to my room in the early hours, I reflected on the historic moment. I thought of all the good friends I will leave behind in Hong Kong and the delicious food I shared with them.

Now I am in The Oriental in Bangkok continuing my culinary odyssey.

Ken Hom is a television presenter and author of numerous cookery books; his latest is *Ken Hom's Hot Wok* (BBC Books).

Food festivals

Bath for buns, biscuits and bites

Not only Mike Tyson likes a nibble. Philippa Davenport previews some good west country fare

books, antiques, flowers, fine wines and foods.

This year just about every estate in the city will put on its party hat to participate in Bite. So too will local food producers, delis and bookshops, adding to the charm of the occasion with their diversity.

In addition to special events laid on by such well-known names as Lucknam Park, The Bath Spa and the Royal Crescent hotels, Sally Lunne, The Hole in the Wall and The Olive Tree restaurants, the gardens of Queen's Square will be turned over all day to light

refreshments - elevenes, buffet lunches and afternoon teas - at reasonable prices, cooked up by a variety of participants. English, French, Italian, Thai, Indian and Chinese included. During the final weekend, this Georgian square will host a fair starring local food producers, shopkeepers and restaurants.

Very English lunches will be offered for £10 at The Moody Goose (tel: 01225-468888) with potted shrimps and gammon in parsley sauce. A set menu of Raj specialities will cost just £5 at Rajpoot (01225-468833). Or



you could enjoy a lunchtime helping of jazz, pasta, salad and a glass of wine at The Octagon Cafe (01225-447991) for the same price.

A Cornish fish festival will be held at The Wife of Bath (01225-461745). There will be cookbook promotions and book signings at Waterstones (01225-448615). A D'Oyly Carte opera picnic

feast and fireworks display will burst into life at Hurlstone House (01781-490490).

Cafe Uno (01225-461140) is inviting children to design a pizza. Berkman Wine Cellars (01249-463501) is sponsoring a fancy dress waiters' race across the city. The Moon & Stimpence (01225-460362) will be shaking up special cocktails, organising a Vodka Slalom and a bevy of international tutored wine tastings.

Woods restaurant (01225-314812) will host an Alfred Street barbecue street party complete with magicians, circus acts, jazz, classic and pop music. A Roman feast will be featured at the Roman Baths (01225-444434), to be served by vestal virgins and slaves, with the promise of lyre, harp and ghosts lingering in the wings.

The four o'clock tinkle of tea-pots and a piano will ensure that the Pump Room remains a genteel and harmonious favourite place for afternoon tea. And Bite's grand finale will be held in Royal Victoria Park with a musical bonanza and orches-

trated hot air balloon display (01225-449544).

Bite was the brainchild of Robin Shepherd, general manager of The Bath Spa Hotel (01225-444434), a luxuriously appointed billet in which to stay during the celebrations.

BATH JUNKET (Serves 4)

This fragrant and decorative version of junket was fashionable in 18th century Bath; it strikes me as ripe for revival now that cooking with flowers is enjoying a renaissance. Serve it with a fresh raspberry (or raspberry and redcurrant) purée to sauce it and macaroons or rafaia biscuits for crisp contrast.

250 ml single cream; 250 ml full cream milk; 1 tablespoon caster sugar; 1 teaspoon liquid rennet (or 1 plain junket tablet crushed to a powder); 1-1½ tablespoons triple distilled rose water; 250 ml double or whipping cream, whisked to soft peaks; 1-2 damask roses to garnish.

Gently warm the milk, single cream and sugar to blood temperature (37°C/98°F), no

bowls and leave undisturbed at room temperature until softly set. This may take from a half to three hours depending on the freshness and potency of the rennet.

Just before serving, lightly whip the double or whipping cream and spoon a soft cloud of it over each of the puddings. Remove and discard the white tips from the base of richly scented old-fashioned rose petals, and scatter the petals over the junkets.

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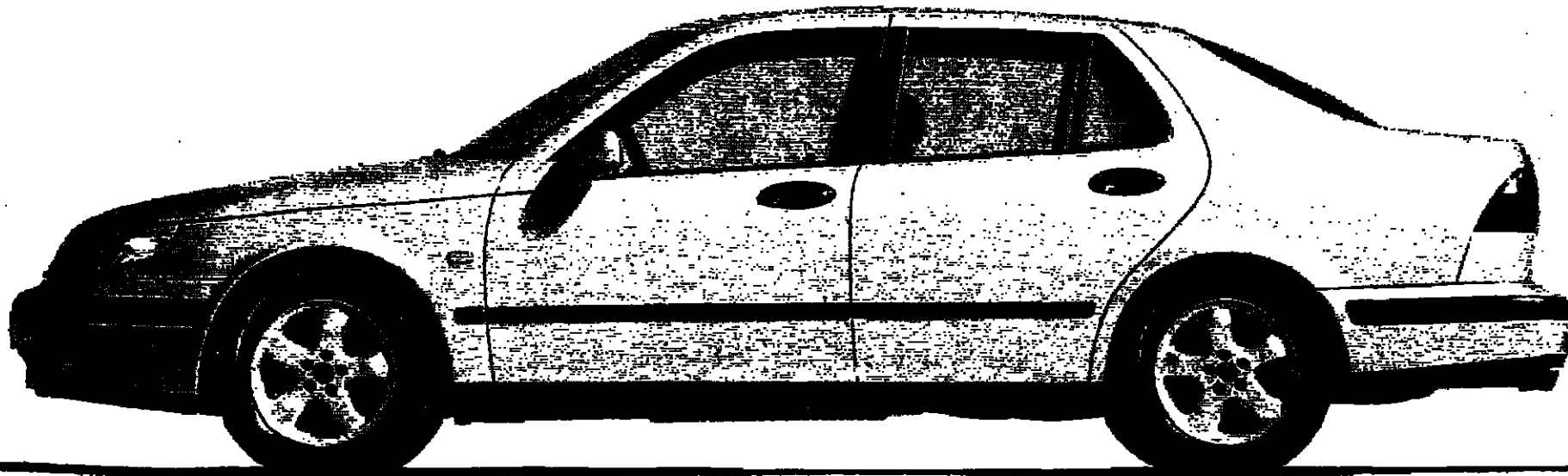
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OUTDOORS



The new 9-5. Stealer looking than the 9000 but still unmistakably a Saab

Road Test / Stuart Marshall

No sweat in the Saab's front seat

No one knows better than Saab that if you are small, you have to try harder. Compared with the high volume manufacturers, Saab is strictly third division in size because it makes fewer than 100,000 cars a year. But clever exploitation of technology, an obsessive concern with safety and flashes of inspiration put it up among the leaders for product quality.

In the pecking order of business car status, it is just below Audi, BMW and Mercedes, a cut above Ford and Vauxhall and on a par with, say, Volvo and Rover. A Saab is for the individualist.

The new 9-5 executive saloon, which initially supplements and will ultimately replace the 9000, is a case in point. Like every Saab made since 1947, when this aircraft manufacturer branched out into car production, the 9-5 has front-wheel drive. An elegantly styled yet spacious five-seater with a massive, slab-sided

boot, it comes with a choice of three petrol engines - 2 litre, 150 horsepower, and 2.3 litre, 170 horsepower, four-cylinder and 3 litre, 200 horsepower V6.

When it reaches Britain in early October, only the four-cylinder engines - light pressure turbocharged to boost low speed pulling power, not to increase unusable top end performance - will be on offer.

The V6, claimed as the world's first car engine with a single turbocharger feeding both banks of cylinders, arrives in February 1998. The roads of southern Sweden are well engineered, mainly smooth surfaced and, by the standards of south east England, unvaryingly empty. A good place, then, to try a new car for executives and professional user-choosers who make long journeys on motorways and spend hours in nose-to-tail traffic?

Actually, no. Sweden's speed limits are low and rigidly enforced. And a long tailback is a line of five cars caught behind a

monster logging truck and trailer until the driver, as the law insists, pulls into the next lay-by. I find driving there most enjoyable because it is so relaxed and uncompetitive. Those who seem to judge cars only by standing start acceleration times and cor-

Nicely weighted power steering makes parking and low-speed driving effortless

nering capabilities at the ragged edge of tyre adhesion will disagree.

Discovering how well the 9-5 will go in a less civilised environment must await driving experience back home but the omens are good. The supple suspension gives a most comfortable ride.

There is hardly any tyre thump and firm damping minimises roll. Nicely weighted power steering makes parking and low-speed driving effortless. All of which is par for the course in the Saab 9-5's class.

One has to look for good reasons why a potential buyer should have a Saab instead of one of the equally desirable competitors. As performance can be taken for granted, it is mostly the little things that distinguish one good car from another.

The seats, for example, I have never gone along with the theory that hard seats (or for that matter, hard mattresses) are good for you. Well-shaped and supportive seats that yield generously when sat on are for me. The Saab's achieve a perfect compromise.

Air-conditioning is now virtually standard in £20,000-plus cars but Saab goes one better. If you choose optional extra Prestige leather trim, the front seats are ventilated. A fan draws air through the upholstery, eliminat-

ing the wet shirt syndrome. (The 9-5's ventilated seats are not patented and are bound to appear in other executive cars before long).

Another bright idea likely to be imitated are the active head restraints. In a rear-end collision, pressure of the occupant's body on the backrest operates a mechanical linkage, moving the headrest upward and forward to meet the head before the damaging whiplash movement begins.

An important Saab weapon in the battle for an increased share of the executive saloon market is aggressive on-the-road prices. In Britain they will start at £21,995 for a 2 litre. A 2.3 litre will be £22,295 and a 3 litre V6, £26,995.

SE versions with more agreeable bits and pieces (leather steering wheel, in-car computer, wood veneer fascia, electronic control for the air conditioning, alloy wheels and fog lamps among them) are £24,445 (2 litre), £26,445 (2.3 litre) and £29,995 (3 litre). Automatic transmission is

standard on the 3 litre V6. £1,220 extra on the four-cylinder models. Saab claims these prices make a 9-5 2 litre £1,100 cheaper than an Audi A6 1.8T, £2,160 cheaper than a BMW 520i. The 2 litre is silkier than the more potent 2.3 litre, which I preferred to the slightly more muscular V6.

Within a year the 9-5 saloons will be joined by a reputedly capacious estate car. This will be Saab's first estate since the three-cylinder, two-stroke model 95 of the 1980s which - another Saab original idea - had a pull-up bench in the load space making it into a seven-seater.

Also due in 1998 are turbo-diesel 9-5s. Like BMW, Saab refused to contemplate diesels until they offered similar performance and refinement to petrol engines. The 9-5TD will have a 2.2 litre, inter-cooled direct injection 16-valve engine, supplied by its parent company, General Motors, and developed from the 2 litre diesel currently used in the Vauxhall (Opel) Vectra.

LPG cars

Barbecue fuel fails to find favour

Stuart Marshall on why Calor gas does nothing for British motorists

Liquid petroleum gas - LPG for short but Calor gas to most of us - cooks food on barbecues, fuels forklift trucks working inside factories, heats country cottages and killed off the traditional painter's blow-lamp. It can also fuel cars.

Environmentalists argue LPG is better than other fossil-derived fuels because its exhaust emissions are less noxious and contain far fewer particulates. They have a point. For that very reason, low emission, gas-fuelled taxis and buses have been running around Tokyo and Vienna since the 1960s. LPG is popular on mainland Europe. More than 1m vehicles use it in Italy and 450,000 in the Netherlands.

North America and Mexico have about 500,000 each. And Britain? Only 1,500 road-going vehicles are running on LPG. There are a number of reasons why LPG has failed to excite even the most environmentally conscious British motorists. Two of the main ones are cost and convenience. Converting a petrol-engined car to run on LPG costs at least £1,000.

Converting a diesel would be

unrealistically expensive at between £7,500 and £9,000. The gas tank, weighing 50kg when full, goes in the boot, where it severely reduces luggage space.

You can get a tank that fits into the spare wheel recess - but the net gain is minimal because the spare still has to be left in the boot. The gas itself is cheap, but only because it is taxed less than petrol or diesel.

In a bid to encourage greener motoring, the excise duty was cut by 25 per cent in the last Budget. And it is plentiful enough to more than meet demands from road transport usage into the distant future. By this time even cleaner ways of propelling cars (hydrogen or fuel cells) could be economically viable.

The biggest snag is distribution. In mainland European countries with large numbers of LPG-driven cars, the fuel is almost as widely available as petrol and diesel. Not so in Britain. When I borrowed a dual-fuelled Honda Accord earlier this year, Calor gave me a list of just 43 outlets in England, Scotland and Wales where I could fill up with its Autoblend LPG. The nearest to my home would have meant a



It's a gas Scandinavians, like this driver tanking up in the early 1980s, have been using LPG as motor fuel for years

round trip of 30 miles to a place I never go to anyway. So, when the gas tank was empty, I did what most motorists would have done: tanked up with petrol.

LPG may be cheap - currently 39p per litre - and clean but is less calorific than petrol or, especially, diesel. Typically, a car averaging 30mpg (9.4/100km) on petrol would drop to 23 mpg on LPG. A diesel would be likely to yield at least 36 mpg. Pence per mile fuel costs would be 7.7p (LPG), 9.1p (petrol), 7.6p (diesel).

It is the classic chicken-and-egg situation. There are too few gas-fuelled cars to make it worth a

filling station's while to instal an LPG tank and dispenser. While friends of the earth with deep pockets are the most likely potential buyers of gas cars, nothing will change. Only when it is as easy to tank up with LPG as it now is with petrol or diesel will there be any real incentive to make the grand, planet-saving gesture and convert to dual-fuel operation.

(Gas cars still need a petrol tank. They have to start from cold on petrol. And their range on LPG is so much shorter - 200 miles or less - that a reserve supply of petrol is essential.)

So much for the downside. The upside is that the Honda Accord ran at least as well on Calor Autoblend as it did on unleaded, perhaps pulling even more smoothly at low engine speeds.

Starting (on petrol) was instant, as was the push-button change-over from petrol to gas and back again. At the moment, LPG is likely to make most progress in Britain with operators of fleets of cars and vans covering up to 200 miles a day and returning to base for refuelling from an on-site tank each night.

Given enough government encouragement, the prospects for

LPG-fuelled cars in Britain could become brighter. I recall that, 20 years ago, when I bought my first diesel car, finding a diesel pump could be a nail-biting business. When discovered, it was likely to be round the back, surrounded by fith. When I took a car up to one, there was often a hoarse cry from the officer: "Not there, guv, it's diesel." But when diesel car sales surged, the oil companies installed diesel pumps on filling station forecourts so quickly that today, petrol-only sites are few and far between.

Did I hear someone say: "Just like LPG dispensers?"

Country Note

Sex and the queen

I feel like a robber counting the swag. The plunder is not money but jars of sweet sticky, liquid food - honey. The most pleasurable seasonal job for me each year is to extract honey from the hives in my garden. Over the spring and summer months the bees have collected countless belliesful of nectar from different flowers within a radius of two or three miles. Their industry is surprising - to gather 11b of nectar, the bees need to make as many as 14,000 journeys.

The colour of the honey varies according to its source - at its lightest it can be an opaque yellow, like lemon curd, at its darkest the colour of tea without milk. Brought to the hive and regurgitated into hexagonal wax containers, the bees evaporate excess moisture from it by fanning with their wings. Then they seal it with wax secreted from their bodies - this ensures they have food during the winter.

By some extraordinary alchemy, the natural sugars in the nectar (mostly fructose and glucose) ripen into honey. And then I come along and pilage it. But unlike most robbers, I do not clean them out. I always leave enough to keep them through the winter, about 40lbs per hive.

Some people are worried when they see hives because they know that bees sting. Not only can stings be painful, they can also cause a severe allergic reaction (anaphylaxis) in some people, even death. Former US President George Bush's aides carried an antidiote to bee stings. About five people a year die in the UK from such stings.

In a sense, beekeeping is a partnership - I supply them with a weatherproof home and wax foundation frame, already imprinted with a hexagonal design for them to draw out the comb. In the autumn, I put a mouse at the entrance to stop the bees over-wintering inside and causing an awful mess.

Bees may attack intruders as big as mice and sting them to death - some beekeepers have found perfectly mummified mice in hives. Usually bees keep their hives scrupulously clean - dead bees are deposited by their mates outside. But a mouse is too big to shift so the bees cover it completely in propolis (natural gum) to stop the body rotting and infecting the hive.

Whenever bees swarm - that is the old queen bee leaves with half (15,000 to 20,000 bees) of the colony to set up home somewhere else - the locals around here assume they are my bees, which may or may not be the case. In truth, bee colonies are free agents - they come and go according to their own whims.

Once I was in the garden when a queen went on her wedding flight. Once mated, the drones that have had the pleasure (up to two dozen) die. The queen has as many as 1m sperm in her spermatheca and when she returns to the hive after her 30-minute nuptials she begins laying anything up to 1.5m eggs during her three to four-year life.

But it's not all sweetness and amazing flight. Britain's 30,000, mostly amateur, beekeepers have been hit hard by a mite called varroa (first discovered in Java in 1904) which latches on to the bee and sucks the life juices from it. Keepers have to be vigilant if the symbiotic relationship between man and the insect that is credited with pollinating 80 per cent of our fruits and vegetables is to be maintained and the ambrosia of their industry enjoyed.

Chris McCooley

Fishing

Trout from the unlikely river Tesco

Tom Fort tangles with supermarket trolleys and old tyres and finds a special, secret place

An earthly paradise it is not, the town water, running as it does through a public park which is a splash of green threatened on all sides by the urban sprawl.

It is not a tranquil place; the solitude for which the trout angler's heart bankers is a distant dream.

There are racing, barking dogs, joggers, mums with infants enfolded in push chairs, couples out strolling, boys who - when they are not yelling as they play football - stand high on the bank and point at the water, saying: "Mister, there was a big one here yesterday - look, there he is - ooh, he's scarpered."

There are lorry tyres in the water, a wide selection of discarded tin cans, the odd rib cage of supermarket trolley. The town water is crossed by a great road, and through the hours of daylight the air of the park is thick with the dissonance of protesting brake pads, grinding gears, thunderous expulsions of exhaust.

Beyond the ever-crawling

columns of traffic, the river executes an elegant couple of twists towards a little weir. On one side are willows, reed beds and other suitable companions; on the other are tennis courts, a playground, a nursery, a judo club. Humanity swarms at noisy leisure.

So, no, it is not a spot where the troubled soul would choose to seek relief, to contemplate the eternal mysteries while the bees hum, the birds twitter, the stream chatters. But this beleaguered, besieged oasis does have a peculiar magic - most powerfully experienced on fine summer evenings, when the sun sinks over the dual carriageway.

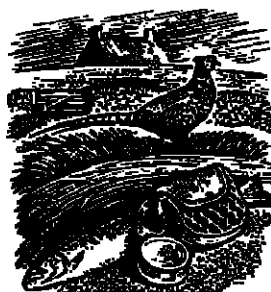
In part, this magic comes from the very precariousness of the place, which is as a sanctuary with invaders at the door. But to

me it is vastly enhanced by the life in, and about, the river; the way in which, come mid-May, this world rouses itself into a rich, vibrant life.

It is an insect whose own metamorphosis inspires the river's. As the mayfly nymph ascends from the stilly bed, reaches the surface, struggles free from its bonds, stretches and dries its wings, is transformed and ascends into the air to mate and die - so are the river's larger denizens stimulated into hungry life.

For this shabby, grubby, unregarded stretch of water actually forms part of a highly reputable trout stream - one which, in its more salubrious reaches, is tended with all the appropriate care.

And there are, therefore, trout



here, wild trout. For some inscrutable fishy reason they choose to live in the ghetto. Perhaps, in the way of priests, they have a social mission - or maybe they just like people.

When I was told of the town water, I was sceptical, for I knew the name of the river and knew of its genteel reputation.

I wandered down the much-trod path to the little brick bridge, expecting nothing much. I looked upstream, and the evening air throbbled and shimmered with winged hordes of mayfly. And yes: at the surface were gulps, and swirls, and rings - firm evidence of fish.

I nipped off to my car, seized my rod and other essentials, dashed back, dodged between the passers-by to the water, and started casting.

I still didn't believe these could be trout. Chub, I thought, maybe dace - but still, a little innocent fun. Then I caught a nice trout, just short of a pound, then another of 1½lbs. I lost a good one on Tesco corner - the partly submerged trolley made

the wading a little awkward - and was smashed by a veritable monster which rose near a Coke can.

This was last summer and I was able to manage only one more visit before the mayfly season ended. On this occasion the fish were much more choosy, and the antics of the local urchins, in matters such as stick-throwing, much more troublesome. On a later visit, in high summer, there was no hatch of fly, and the water looked flat and lifeless.

The memory of the place nagged at me at odd times through the winter and so I turned up one May evening. The hatch was reasonably plentiful, but the fish were, in the main, just not interested. I wondered if the urchins had managed to

winkle them out on maggots. I did hook and lose a fish above the little weir, although I strongly suspected it of having been a chub. Thereafter, for some time, I could not locate a feeding fish bigger than 2in long.

The light was fading and the hatch was petering out when I came by Tesco corner (the trolley had gone, so I suppose it should be renamed) and saw a lingering fly disappear in a goodly swallow. This happened twice more, and I got rather het up.

I landed my own fly in the vicinity, there was a rush, a wave, a boil, a savage raising of the rod (by me), a sailing past the ear of the fly, a few curses.

Anyone can fish the town water, it costs nothing, and I have never encountered another fly fisherman on it.

So, no, it is no use whatever in beseeching me to identify it. No inducement nor threat of torture will persuade me to divulge the secret; to do so would be to destroy the enchantment of one of the special places.

INTERNATIONAL ARTS GUIDE

What's on around the world

AMSTERDAM

EXHIBITION

Van Gogh Museum
Tel: 31-20-570 5200
The museum's collection of drawings by Van Gogh is the largest in the world, and is being presented to the public in a series of four summer exhibitions: the first of which was held last year. This time it is the turn of the works produced when the artist lived in Nuenen, 1883-1885. Here are the "Brabant handworkers", landscape drawings and numerous studies. The exhibition is shown in two parts, with a changeover on Aug 18; to Oct 12

BAD KISSINGEN

CONCERTS

Kissinger Summer Festival
Tel: 49-971807110
● Panoche Quartet: with András Schiff in works by Dvorák at the Tattersall; Jul 5
● Violinist Christian Tetzlaff and pianist Leif Ove Andnes perform works by Beethoven, Ravel and Debussy; at the Kleiner Kursaal; Jul 5
● Royal Philharmonic Orchestra: conducted by Thomas Sanderling in works by Haydn, Dvorák and Brahms; at the Regentenbau; Jul 5
● Royal Philharmonic Orchestra: in works by Beethoven, Britten and Haydn, with piano soloist Barry Douglas; at the Regentenbau; Jul 6
● Roberto Abbado conducts the Munich Radio Orchestra in a programme of arias, with soprano Gabriela Benacková and tenor Alfredo Portilla; at the Regentenbau; Jul 9

BARCELONA

EXHIBITION

Fundació "la Caixa"
Tel: 34-3-404 6073
Tarsila do Amaral, Frida Kahlo, Amelía Peláez: display of works by the three women artists which aims to explore the relationship between the European avant garde and the indigenous traditions which exerted a profound influence upon Latin American Modernism; to Jul 27

BASLE

EXHIBITIONS

Offentliche Kunstsammlung Basel
Tel: 41-61-271 0525
● Düren/Holbein/Grünwald: major celebration of the 500th anniversary of Hans Holbein the Younger (ca. 1497/98-1543). Organised with the Staatliche Museen, Berlin, the exhibition consists of 170 old master drawings, which mark the transition from the late Middle Ages to the early modern period when artists began to emerge from anonymity; to Aug 24
● The Prints of Hans Holbein the Younger: the entire collection of the Basel Kupferstichkabinett is on display; to Sep 7

BERLIN

EXHIBITION

Museum für Moderne Kunst, Martin-Gropius-Bau
Tel: 49-30-2548 6714
The Age of Modernism - Art in the Twentieth Century: comprehensive survey which presents the art of this century in four self-contained sections. Beginning with the explosion of Cubism and the crisis of the avant-garde, the exhibition includes works by Picasso, Duchamp and Kandinsky as well as younger and contemporary artists; to Jul 27

BONN

EXHIBITION

Kunst- und Ausstellungshalle der Bundesrepublik Deutschland
Tel: 49-228-917 1236
Sigmund Polke: subtitled "The Three Lies of Painting" this show includes some 180 loans and will document Polke's work from 1962 to the present. Will transfer to Berlin's Hamburg station; to Oct 12

CHELTENHAM

CONCERTS

Cheltenham Festival
Tel: 44-1242-227979
● BBC Philharmonic: conducted by Vasily Sinaisky in Brahms' Symphony No. 1 in C minor, a new work by John Buller and Tchaikovsky's first Piano Concerto, with pianist Boris Berezovsky; at the Town Hall; Jul 5
● RNCM Wind Orchestra: conducted by Tim Reynish in works by Mendelssohn, Sallinen, Strauss and Mozart; at the Town Hall; Jul 6
● Sundsvall Chamber Orchestra: Niklas Willén conducts works by Rossini, Lindgren, and Beethoven; at the Town Hall; Jul 10

OPERA

● La Bohème: by Puccini, performed by the European Chamber Opera; at the Everyman Theatre; Jul 8, 9, 12
● Die Fledermaus: by J Strauss, sung in English by the European Chamber Opera; at the Everyman Theatre; Jul 10, 11

DROTTHINGHOLM

OPERA FESTIVAL

Drottningholms Slottsteater
Tel: 46-8-4570600
Euridice: artistic director Per-Erik Ohm has chosen two of the first operas ever written for his first year at the festival's helm. Jacopo Peri's opera dates from 1600 and this is its Swedish premiere. Produced by Karl Dunér, designed by Peder Freijl and conducted by Jakob Lindberg; Jul 5, 8, 9, 11, 12

EDINBURGH

EXHIBITION

Scottish National Portrait Gallery



'The Man with the Movie Camera', 1929, by Georgii and Vladimir Stenberg, now showing in New York

Museum of Modern Art, New York
Tel: 44-131-624 6200
The Face of Denmark: the product of an exchange organised with the museum's Danish counterpart, this exhibition will include works from the period 1750-1840 and portraits of famous Danes including Hans Christian Andersen and Kierkegaard. In return, Scottish portraits will travel to Denmark in the autumn; to Aug 31

FORT WORTH

EXHIBITION

Kimbell Art Museum
Tel: 1-817-3328451
Monet and the Mediterranean: "It is so beautiful here, so bright, so luminous! One swims in blue air; it is frightening!" wrote Monet from Cap d'Antibes in 1888. Bringing together more than 70 works, this exhibition presents the fruits of several journeys made by the painter: to the Italian and French Riviera in the 1880s, to Venice in 1908. Assembled from public and private collections, these paintings present a survey of the great impressionist's encounters with Mediterranean colour and light; to Sep 7

GLASGOW

EXHIBITIONS

McLellan Galleries
Tel: 44-141-331-1854
The Birth of Impressionism: more than 150 works including paintings by Monet, Sisley and Pissarro are presented here in relation to the work that went before them. The six galleries tell the story of Impressionism's reception by the French artistic establishment as well as suggesting the influence of photography, railways and Parisian café society on the new painting; to Sep 7

GRAZ

CONCERTS

Styriarte Festival Tel: 43-316-825000
● Lamento: the "Red Byrd" vocal ensemble performs a programme around Monteverdi's Lamento d'Aranna; at the Schloss Eggenberg; Jul 6
● Nikolaus Harmoncourt conducts the Chamber Orchestra of Europe in the complete Brahms symphonies, presented as a cycle for the first time, as the Beethoven and Schubert symphonies have been presented here in the past. Symphonies 1 and 2 are performed on 4th and 9th; 3 and 4 on 7th and 10th; at the Stefaniensaal

KASSEL

EXHIBITION

Various venues
Documenta: giant five-yearly survey of contemporary art which takes place at venues all over town. Starting at the old railway station, this time the curator is Catherine David, formerly of the Centre Georges Pompidou, who means to make a defining statement about culture at the end of the century; to Sep 28

LAUSANNE

EXHIBITION

Fondation de l'Hermitage

LONDON
CONCERTS
City of London Festival
Tel: 44-171-638 8891
● Bernstein: A White House Cantata - Kent Nagano conducts the London Symphony Orchestra in Bernstein's reworking of the score of his unsuccessful musical, 1600 Pennsylvania Avenue; at the Barbican Hall; Jul 8
● Monteverdi Vespers (1610): William Christie conducts Les Arts Florissants in the festival's closing concert; at St Paul's Cathedral, EC4; Jul 10

LONDON

CONCERTS

Royal Opera House
Tel: 44-171-304 4000
● Simon Boccanegra (1857): British stage premiere of this, the original version of Verdi's opera. Mark Elder conducts, Ian Judge directs. Sergei Leiferkus, Plácido Domingo and Kallen Esperian star; Jul 8, 10
● Die Meistersinger von Nürnberg: Bernard Haitink conducts Graham Vick's production of Wagner's opera. John Tomlinson sings the role of the poet-cobbler Sachs. The final performance will be the last opera staged at Covent Garden before the theatre closes for renovation; Jul 7, 12

Queen Elizabeth Hall
Tel: 44-171-928 8800
Mark-Anthony Turnage double bill: arrives in London from Aldeburgh, where its premiere was the opening event of June's festival. Based on a story by H.G. Wells, The Country of the Blind is directed by Emma Jenkins, with Thomas Randle in the lead role. Twice Through the Heart is based on poems by Jackie Kay. Nicholas Kok conducts the Orchestra of the ENO; Jul 5

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DANCE
Royal Opera House
Tel: 44-171-304 4000
The Royal Ballet: mixed programme includes Twyla Tharp's Push Comes to Shove, William Forsythe's Staptax, and Symphony in C, choreographed by Balanchine to music by Bizet. The final performance will be the last ballet at Covent Garden before the theatre closes for renovation; Jul 5, 9

EXHIBITIONS
Hayward Gallery Tel: 44-171-261 0127
Rhapsodies in Black - Art of the Harlem Renaissance: for African American artists working in New York, the 1920s were something of a golden age, with Harlem at its dynamic centre. This multi-media presentation celebrates this decade of extraordinary creativity, bringing together paintings, sculptures, photography and film; to Aug 17

National Gallery Tel: 44-171-639 3321

Seurat and The Bathers: places

Seurat's great "Bathers at Asnières" in a context provided by his own earlier work, and studies and drawings for the painting, as well as works by predecessors who influenced him, and by his Impressionist contemporaries; to Sep 28 (reviewed on p. vii)

ROYAL ACADEMY OF ARTS

City of London Festival
Tel: 44-171-638 8891
Hiroshige - Images of Mist, Rain, Moon and Snow: celebration of the bicentenary of Hiroshige (1797-1858), Japanese master of the coloured woodcut, whose landscapes provide an atmospheric picture of 19th century Japan; to Sep 28

THEATRE
National Theatre, Cottesloe stage
Tel: 44-171-928 2252
● Closer: new play written and directed by Patrick Marber, with a cast including Claran Hinds; in repertory
● King Lear: by Shakespeare. Highly praised production directed by Richard Eyre, with Ian Holm in the title role; in repertory

National Theatre, Lyttelton stage
Tel: 44-171-928 2252
● Amy's View: Judi Dench and Samantha Bond star as mother and daughter in a new play by David Hare directed by Richard Eyre; in repertory
● The Cripple of Inishmaan: new play by Martin McDonagh directed by Nicholas Hytner; in repertory

Shakespeare's Globe
Tel: 44-171-401 9919
Henry V: by Shakespeare - Mark Rylance stars as the young king in a production directed by Richard Olivier and designed by Jenny Tiramani; in repertory

The Old Vic
Tel: 44-171-928 6855
● The Provok'd Wife: Lindsay Posner directs Alison Steadman and Michael Pennington in Vanbrugh's comic take on sexual politics in Restoration England; in repertory
● Waiting for Godot: by Samuel Beckett. Ben Kingsley and Alan Howard play Estragon and Vladimir. The director is Peter Hall; in repertory

MONTREAL

EXHIBITIONS

Museum of Fine Arts
Tel: 1-514-285 1800
Edles and Emigrés - The Flight of European Artists from Hitler: focusing on the twelve years of Nazi rule 1933-45, this show - previously seen in California - explores the work of 23 artists during their years in exile. Those featured include Salvador Dali, Max Ernst, George Grosz and Piet Mondrian; to Sep 7

NEW YORK

CONCERTS

Lincoln Center Festival 97
Tel: 1-212-975 5030
● New York Philharmonic: at the Avery Fisher Hall. Conducted by Kurt Masur in the first of three programmes celebrating the music of jazz maestro Ornette Coleman, whose octet Prime Time joins the orchestra in a performance of Siles of America;

Jul 8, 9
● Ornette Coleman: with Charles Haden and Billy Higgins plus guests; at the Avery Fisher Hall; Jul 10

EXHIBITIONS

Metropolitan Museum of Art
Tel: 1-212-879 5500
The Glory of Byzantium: exhibition celebrating the Second Golden Age of Byzantine civilization from mid-9th to mid-13th centuries, exploring both religious and secular aspects of Byzantine culture. Features more than 350 works of art including mosaics, frescoes, ivories, enamels, silks and icons, some of them never before loaned abroad; ends tomorrow

Museum of Modern Art

Tel: 1-212-708 9480
● Objects of Desire - The Modern Still Life: beginning with Cézanne, including masterpieces by Matisse and Picasso, and culminating with Pop art and contemporary works, this exhibition traces the art of this century through the various and evolving representations of objects; to Aug 26
● Retrospective of the Stenberg brothers which promises to be MOMA's largest graphic design retrospective to date. Bright young things of the Russian avant-garde, Vladimir later became Chief of Design for Red Square, while Georgii died in 1933. Pioneers of advertising, the brothers are best known for the arresting posters they designed for Soviet cinema in the 1920s; to Sep 2

THEATRE

Ambassador, 219 W. 49th St.
Tel: 1-212-239 6200
Bring In Da Noise, Bring In Da Funk: tap dancing spectacular with a political message about the history of black America, choreographed by Savion Glover with a text by Reg E. Gaines; to Oct 12

Belasco, 111 W. 44th St.

Tel: 1-212-239 6200
A Doll's House: Janet McTeer's much admired Nora plays opposite Owen Teale's Torvald in a sexually charged rendition of Ibsen's play, first seen in London and directed by Anthony Page; to Jul 26

Manhattan Theatre Club, City Center
Tel: 1-212-581 1212
Collected Stories: Lisa Peterson directs this production of Donald Margulies' new play, starring Maria Tucci and Debra Messing as the writing professor and the graduate student who betrays her trust; to Aug 2

Lincoln Center Festival 97

Tel: 1-212-975 5030
● Les Danaïdes: US premiere of Romanian director Silviu Purcarete's reconstruction of Aeschylus' 470 BC tetralogy. Involves 120 actors and musicians in the story of the flight from Egypt of 50 defenceless sisters seeking sanctuary from the King of Argos. Performed in French with English subtitles; Damrosch Park, 62nd St near Amsterdam Ave; Jul 8 to Jul 20
● Woza Afrika - After Apartheid: four different programmes of South African township plays, intended to illustrate the changes which have taken place over the past ten years. All are US premieres. Presented at the John Jay College Theater and LaGuardia Theater; Jul 8 to Jul 27

OTTAWA

EXHIBITIONS

National Gallery of Canada
Tel: 1-613-990 1985
Renoir Portraits: featuring works from throughout his career, this exhibition includes some of Renoir's most famous paintings. The show will travel to Chicago and Texas; to Sep 14

PARIS

DANCE

Opéra National de Paris, Palais Garnier Tel: 33-1-4343 9686
Sylvia: the Opera Ballet performs a new version, with fresh choreography by John Neumeier, to music by Delibes; Jul 5, 7, 8, 9, 10, 11, 12

EXHIBITIONS
Jeu de Paume Tel: 33-1-4703 1250
César: major retrospective of one of the most important French sculptors of the twentieth century. Tracing the different approaches and materials with which he worked, the exhibition includes almost 500 objects loaned from museums and collectors in France and abroad; to Oct 19

Musée Carnavalet
Tel: 33-1-4272 2112
Rudolf Nureyev: celebration of the great dancer and choreographer who made his home in Paris. Includes photographs, books, furniture and costumes; to Jul 27

Musée National d'Art Moderne, Centre Georges Pompidou
Tel: 33-1-4478 1233
Fernand Léger: retrospective of the early modernist, who emerged from the Cubist revolution around 1910 to move towards abstraction. His experiences in the war and socialist principles led him back to figurative painting. The exhibition will travel to Madrid and New York; to Sep 28

OPERA
Opéra National de Paris, Opéra Bastille Tel: 33-1-4473 1300
● Rigoleto: James Conlon conducts Jérôme Savary's staging of Verdi's opera, with sets by Michel Lebois; Jul 5, 8, 11
● Manon: by Massenet. Musical director Gary Bertini presides over a staging by Gilbert Deffo, with designs by William Orlandi; Jul 7, 10, 12

SANTA FE

OPERA

Santa Fe Opera Tel: 1-505-988 5900
La Traviata: Linda Brovsky directs this new production of Verdi's opera, set in the Parisian demi-monde. Patricia Rocco is Violetta, Raymond Vary is Alfredo, William Stone is Germont.

Until July 9 the conductor is John Croxy, when Christopher Larkin takes over; Jul 5, 9

SCHLESWIG-HOLSTEIN

CONCERTS

Musik Festival
Tel: 49-461-567080
● NDR-Sinfonieorchester: opening concert of works by Schoenberg and Mahler conducted by Herbert Blomstedt; with soprano Karan Armstrong; at the Musik- und Kongresshalle, Lübeck; Jul 5, 8
● The Camerata Academica Salzburg performs a programme of works by Mozart and Schubert, conducted by Jordi Savall; at the Schloss, Klet; Jul 7, 8

OPERA

● Moses and Aaron: by Schoenberg. Co-production between Oper Leipzig and the Nationaltheater Weimar, in a staging by George Tabori, with sets by Gottfried Plitz. Matteo de Monti is Moses, Hans Aschenbach is Aaron. George Alexander Albrecht conducts the Gewandhausorchester Leipzig; at the Staatsoper, Hamburg; Jul 9

TANGLEWOOD

CONCERTS

Tanglewood Festival
Tel: 1-617-931 2000
● Zdenek Macal conducts the Boston Symphony Orchestra in works by Brahms and Mozart, with piano soloist Garrick Ohlsson and the Tanglewood Festival Chorus conducted by John Oliver; at the Shed; Jul 5
● Boston Symphony Orchestra: conducted by Seiji Ozawa and John Williams in a programme of works by Rouse, Barber and Copeland, with violinist Gil Shaham and the Tanglewood Festival Chorus conducted by John Oliver; at the Shed; Jul 6
● Duvarkva Tomsic: piano recital of works by Mozart, Brahms, Ravel and Chopin; at Ozawa Hall; Jul 10
● Seiji Ozawa conducts the Boston Symphony Orchestra in a programme of works by Brahms, with violin soloist Maxim Vengerov; the Shed; Jul 11

THE HAGUE

EXHIBITIONS

Museum Het Paleis
Tel: 31-70-338-1111
The Dandy - Fashion, Art and Literature: Dutch design duo Ravage have recreated three scenes: the dressing-room of George "Beau" Brummell, father of dandyism; a black dining room derived from Huysmans' novel, A rebours; and the "summer dandy" with his all-white wardrobe, c. 1815. On the upper floor are 30 portraits of celebrated dandies and numerous accessories. On the top floor are caricatures, fashion plates and modern examples of the influence of the dandy; to Aug 31

THESSALONIKI

EXHIBITIONS

Museum of Byzantine Culture
Tel: 30-31-868570
Treasures from Mount Athos: following a historic decision by the Holy Community of Mount Athos, this exhibition of 1,500 objects promises to be the highlight of Thessaloniki's year as European City of Culture. Many of the icons, manuscripts and textiles which will be on show have never before travelled outside the Orthodox monasteries which house them; to Dec 31

VENICE

EXHIBITIONS

The Giardini di Castello, the Corderie della Tana and elsewhere in the city
Venice Biennale: The 47th International Art Exhibition is larger than ever, with 58 participating nations and a strong showing from the underdeveloped world. The theme of the central exhibition, at the Corderie and the central Pavilion, is "Future, Present, Past". Its curator, the critic Germano Celant, has opted to present the work of 71 artists in three chronologically ordered categories beginning with the 1960s. Overall, painting and sculpture are more in evidence than in recent years; to Nov 9

VIENNA

EXHIBITIONS

Kunsthaus Wien Tel: 43-1-7120495
Schmidt-Rottluff (1884-1976): comprehensive exhibition of the work of the German expressionist comprising around 180 works including paintings, drawings, etchings, woodcuts and sculpture; to Aug 24

WASHINGTON

EXHIBITIONS

National Gallery of Art
Tel: 1-202-737 4215
Picasso - The Early Years, 1892-1906: making the case for the artist's career before Cubism, this show begins with Picasso's formative years and traces his relation to Catalan modernism in turn-of-the-century Barcelona, prior to his emergence in Paris. Including important works from his Blue and Rose periods, the exhibition culminates in the Iberian figure pictures of 1906; to Jul 27

ZURICH

EXHIBITIONS

Kunsthaus Zürich Tel: 41-1-262-0909
Birth of the Cool: wide-ranging survey of American art in the latter half of this century. Among the artists represented are Georgia O'Keeffe, Jackson Pollock, Andy Warhol and Chuck Close; to Sep 7

FT Arts Guide e-mail: susanna.rust@ft.com
Listings supplied by ArtBase, Amsterdam. Tel: 31-20-684 6441. E-mail: artbase@pl.net

Weekend Investor

Wall Street

Fireworks mark a capital performance

But will the good times continue? John Authers reports from a former colony

There were fireworks and pageantry this week as a former crown colony marked the end of British rule. In part, it was a celebration of the capitalism that had turned the colony into a global powerhouse. Amid the festivities, though, there was one burning question for the financiers centred in their clutter of skyscrapers: could the good times last?

The answer, this Fourth of July, was an unequivocal "yes". American capitalism in general, and Wall Street in particular, is still doing fine. As it started its 222nd year of independence yesterday, the United States could point to renewed growth in the first half of 1997 and a bull market that continues to roar.

Since January, the Standard & Poor's 500 composite index, generally accepted as the fairest indicator of the stock market's overall strength, has gained 19.5 per cent. The Dow Jones Industrial Average of 30 stocks almost kept up this pace, gaining 18.99 per cent.

These gains, remarkable after two successive stellar years for the market, came in spite of a worrying correction of almost 10 per cent at the end of March. This means that most of the gains for the half have been amassed during the past three months.

The largest companies fared best, but a look at the anatomy of the first six months suggests few investors are making a negative "flight for quality".

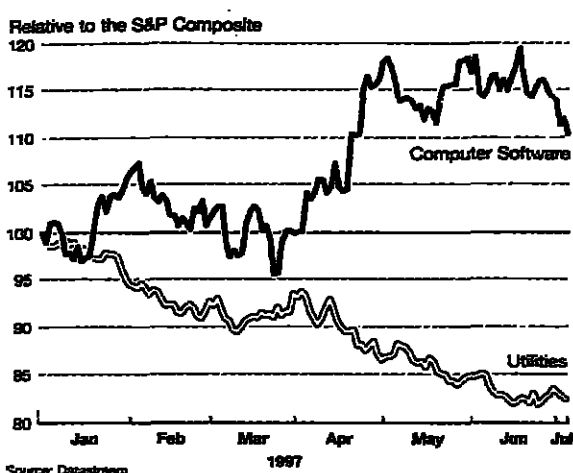
The Russell 2000 index of small companies underperformed the bigger stocks, but still showed a significant recovery, gaining 9.31 per cent for the first half. Its performance in the second quarter was almost exactly in line with the S&P.

Gold, generally regarded as a safe haven when investors are nervous, was the weakest sector measured by S&P, falling 16.8 per cent in the first six months.

Perhaps more significantly, the utilities sector, a safe haven in modern times with a relatively constant demand for its products, also underperformed significantly. It lost 0.2 per cent for the first six months.

Meanwhile, trucking, an

Safe havens out of favour



all-American activity not usually connected with stock market bubbles, made the highest returns. The trucks and parts sector gained 57.1 per cent.

Several manufacturing industries managed to outperform the index, but the growth sectors of the economy continued to be the principal spur of the stock market. Technology, which paced last year's rally, continued to lead the way and gained 24.3 per cent.

The growth in semi-conductors moderated slightly, with the sector gaining only 17.6 per cent, but computer software grew at a remarkable rate - up 39.2 per cent in six months - thanks to the continued power of the internet.

Microsoft, a company which already had logged a great deal of expansion at the beginning of the year, paced the sector with a gain of 52.95 per cent while Dell Computer, one of last year's stars, was the best performer in the S&P 500, gaining 121 per cent in six months.

The stock market's other big performer was the financial sector itself, although this was not surprising. Wall Street, and not just the securities, also had a great six months.

Domestically, the mutual fund (unit trust) industry continued to persuade American small investors to pour their savings into stocks at a record rate. Total inflows were slightly below last year's all-time highs but remain well ahead of historical norms in spite of the continued failure of most of the

Overseas, Wall Street also sold itself well. According to the Securities Industry Association in a report published this week, Europeans bought a net \$10.8bn of US equities in the first three months alone. This was far ahead of the \$6.5bn which they sold during the whole of 1996.

The third quarter is off to a sound start, too. Before traders took yesterday off to watch fireworks over the East Hudson River, they had time to digest an unemployment report which suggested the economy was not overheating, and to bid up the Dow to another high.

Dow Jones Ind Average

Monday	7672.79	-14.93
Tuesday	7722.33	+48.54
Wednesday	7785.38	+73.05
Thursday	7895.81	+100.43
Friday	Market closed	

London

All eyes are on the Bank

Curbing demand is on the cards, says Jane Fuller

The consumers' victory over companies on Budget day caused a certain amount of booing by economists. All eyes are now on the newly independent Bank of England to do the dirty work of restraining demand by raising interest rates.

The monetary policy committee meets on Thursday and the betting seems to be on a 1/4 point rise in base rates to 6 1/4 per cent, with 7 1/4 per cent looming by the end of the year.

Meanwhile, the UK equity market's reaction was so volatile that many investors held back. That volatility reflected the two-way pulls going on as the pros and cons were weighed up for the market and its divergent sectors.

Over the week, the pros prevailed in the FTSE 100. It opened at 4,840, down from its June 13 high of 4,793.1, and rose to a new record of

4,831.7 on Thursday, helped by a buoyant Wall Street and bid speculation in financial services. Once again the Mid 250 and the SmallCap indices were left behind.

While reaction to the Budget was mixed, one message was clear: the prospect of higher interest rates sent the pound even higher, to about DM2.96 yesterday. This left more blood on the carpet among the exporters. TI Group was the worst FTSE 100 performer on Thursday, falling 23 1/4 to 479 1/4, GEN slipped 9 1/4 to 959. Other groups with high exposures to continental Europe include RMC and Redland in building materials.

But with the FTSE All-Share underperforming Frankfurt, Paris and even Wall Street by 10-20 per cent this year, one stock's loss tends to be another's gain because investors have no compelling reason to forsake the UK market.

The winners are the high



George and his committee are expected to do the dirty work

The Budget's other big corporate hit was the abolition of tax credits on dividends for institutional investors. This saved the government nearly £4bn but cut pension funds' dividend income by 30 per cent less. Some 'Tory supporters' compared this 'pension fund raid' with that of Robert Maxwell.

Another way of looking at it is via the yield on equities: the All-Share falls from a gross yield of about 3.4 per cent to about 2.7 per cent, for instance. This compares with a 7 per cent yield on 10-year government bonds.

For companies the question is: will they have to increase contributions, or cease holidaying, to top up funds which have had their values cut?

Equity researchers have been producing tables of companies most vulnerable to increased pension fund costs. Their common characteristics are that they are old and industrial - such as ICI and British Aerospace - and may once have been state-owned: British Steel and British Airways.

If they are high yielders, they may also be in a poor position to respond to any pressure from income fund investors to increase dividends to compensate for the loss of the tax credit. British Steel was yielding about 9 per cent gross yesterday, just over 7 per cent net.

But as with the windfall tax, the removal of the tax credit had been flagged before the Budget, giving the market a chance to factor in the ill effects. Arguments are still going on over whether it

has fully done this yet.

The pain was, however, relieved by Brown's biggest surprise - a cut in corporation tax from 33 to 31 per cent. This delivers a 3 per cent increase in earnings per share to companies paying that rate.

Robert Buckland, UK equities strategist at HSBC James Capel, estimates that this amounts to an immediate giveaway of about £1bn to quoted companies, at least half offsetting the impact on pension costs - which will take some time to work its way through.

Mark Tinker, UK strategist at UBS Research, also points to the value of a Labour risk removed. He had thought there was an outside chance of corporation tax being raised to 35 per cent.

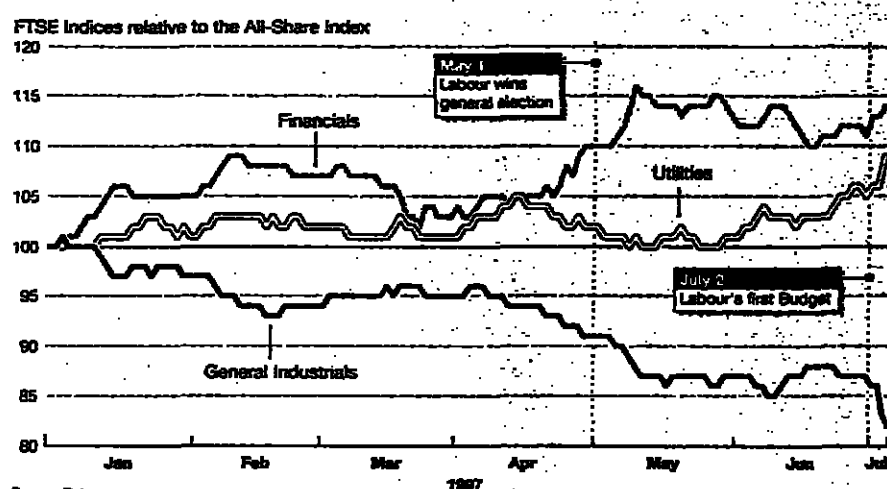
This may be some consolation for British Steel, a company hit both directly and indirectly (via the stronger pound) by the Budget. At least it had not resorted to paying a foreign income dividend, which was also abolished.

Faced with this twin attack on payouts, some companies may look at other forms of distribution to shareholders, such as share buy-backs or scrip dividends.

Investors will have their work cut out spotting the stocks that win most from these changes. But it is what individuals are up to on the high street that will most concern sceptical economists.

Over to you for the cold war, Eddie George.

Old Labour favourites lose out



Highlights of the week

	Price	Change	52 week	52 week
	Friday	on week	High	Low
FTSE 100 Index	4812.8	+172.5	4831.7	3812.6
Amersham Int	1615	+222 1/2	1850	940
Aeda	132 1/2	+8 1/2	138 1/2	100 1/4
British Steel	137 1/4	-11 1/4	198 1/4	133 1/2
Eurotunnel	75	+12	117	61 1/2
GLS	590	-28	706 1/2	579
Kingfisher	656	-40	741	587 1/2
Land Securities	910 1/2	+57 1/2	928 1/2	608
National Grid	247	+28	254	164 1/2
NetWest Bank	887 1/2	+77	886 1/2	612 1/2
RMC Group	913 1/2	-63	1198 1/2	678 1/2
Scottish & Newcastle	685	+34	712 1/2	527
Sovereign Trent	844	+79 1/2	883	518
Tesco	394	+22 1/2	407 1/2	273 1/2
TI Group	473 1/2	-54	594 1/2	450

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Barry Riley

Yields looking a little thin

The dividend tax rise is a threat to the stock market



In dusty back rooms, the learned investment experts who control the indices and stock market statistics are discussing just what the dividend yield is on shares in the UK after Gordon Brown's raid on pension fund dividend tax relief.

This is far from being an abstract academic issue. There could be a step change in the levels of the yields and ratios that determine share prices. For UK pension funds, the biggest investors in the London market, the dividend yield is now 2.7 per cent.

Only a few investors, mostly only temporarily, will be able to receive the notional 3.4 per cent gross income. For higher rate taxpayers, meanwhile, the net yield remains just 2 per cent.

This week the stock market showed a blisful disregard for such considerations. After all, the cut in corporation tax from 33 to 31 per cent has actually increased earnings per share by 3 per cent. But however you measure them, dividend yields have already fallen very low.

Now there is a chance that companies will lose interest in high distributions because they will no longer have a tax incentive to keep pumping dividends into each others' pension schemes and the extraordinarily high recent rate of dividend growth (9 per cent annually for four years) will abruptly tail away.

Dividend yields have dipped down to near 3 per cent before - in 1972, for instance, and 1987 -

but never for long, and such a level has always been a selling signal. But could we now be seeing a fundamental shift in the nature of equity market investment?

Over the long term, British company shares have offered, on average, a solid 5 per cent dividend yield and the good chance of some extra capital growth on top. But most of the return, in real terms, has come

If equity investors are to receive attractive returns they will have to rely more on capital gains

through the dividend.

According to the latest BZW Equity-Gilt Study, the annual real capital gain averaged over the 78 years covered has been 2.8 per cent. Admittedly the money illusion can make it look like more - 6 or 7 per cent, in fact. It follows that if equity investors are to receive attractive total returns from this point in time they will have to rely more on capital gains. This applies still more in the US, where the average dividend yield is only 1.7 per cent.

Such a shift of emphasis promises to make equities riskier. A good dividend provides fundamental value, and gives downside protection in bad times. And although individual dividends may be cut it is almost unknown in recent history for such a problem seriously to affect a whole diversified portfolio.

The yield famine is being

exacerbated by an acceleration of the economy, which is pushing up short-term interest rates. As soon as next week, when the Bank of England's Monetary Policy Committee will meet, bank base rates could be hoisted to 7 per cent, as much as can now be earned on the longest-dated gilt-edged bonds.

So what will happen, in such circumstances, if the statistical

tables suddenly show a stock market dividend yield of only 2.7 per cent?

This will push the ratio of gilt-to-equity yields up from a moderate 2.1 to a historically very testing 2.6. There is also the question of the relationship with index-linked gilts. Historically, equities have normally yielded more than these linked, by something like 0.5 percentage points, giving an allowance for higher risk. In the equity bull market this margin has already closed, and now it could appear that equities yield getting on for 1 percentage point less.

For the moment, it seems, international investors (especially Americans) are stepping into the breach. On earnings-based valuations they see the UK market as being comparatively cheap: the average prospective price-earnings ratio on 1997 estimates may be just 17 against well over

20 in France and Germany, for instance. Such investors are not really very interested in dividends, having adapted their thinking to the growth culture that now dominates the US market.

Significantly, this week's spectacular rebound has been almost entirely confined to the blue chips in the Footsie Index. Meanwhile, the FTSE SmallCap index of stock market minnows has gone nowhere at all, and perhaps that is not surprising when its constituent companies are often being clobbered by a rampant sterling exchange rate, and the small company sector's Browned-off dividend yield is a mere 2.5 per cent.

In their current mood the markets appear to regard the dividend tax change as a mere technicality. Perhaps this is a symptom of globalisation, so that values in leading stock and bond markets are set by international influences, and changes in domestic taxes and interest rates are of little immediate consequence. Or maybe it is simply a sign of the late stages of a bull market in which the bears (of which there have been many ahead of the Budget) are trampled by the bullish herd.

But as short-term interest rates edge up to 7 and 7 1/4 per cent (there has even been an outlying City forecast of 9 per cent) the pressures will grow. In the next bear market what level of dividend yield will offer solid support?

I suspect it will have to be a lot higher than 2.7 per cent.

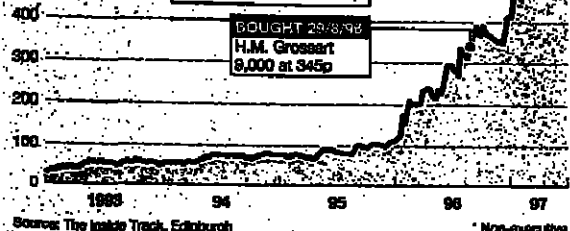
Offshore managed funds and UK managed funds are listed in Section One

صكنا من الامم

WEEKEND INVESTOR

Cairn Energy

Five directors of Cairn Energy, the Scottish oil exploration group, bought a total of 24,757 shares at 475p each. Finance director Agnes McLeod's purchase of 12,301 shares doubles her personal holding.



Directors' share dealings

Transactions in own companies: June 23-27 1997

Company	Sector	Shares	Value £'000	No of directors
SALES				
Alcon	Pharm	8,300	26	2
Ambridge Bros	Food	15,000	38	1
Blue Circle	Chem	15,155	66	1
Card Clear	Sec	29,000	100	1
CNG Plc	Sec	1,500	19	1
Euromark	Pharm	100,000	222	1
Euromark	Pharm	37,102	22	1
Harbour	Pharm	25,000	29	1
Highland Dist	Alco	20,000	66	1
M. & G. Group	Pharm	26,231	32	1
Mar. E. D. & F.	Food	266,000	818	2
Marshall's Brewery	Food	6,500	16	1
Plaza Express	Sec	415,000	2883	2
Shirley Monroe	Pharm	25,000	57	2
Smith's Bookers	Pharm	25,613	193	1
Tine Products	Dist	8,589	21	1
Wood (Aust)	Pharm	30,000	40	1
Bartram Holdings	Food	77,500	225	2
M. & G. Group	Pharm	41,750	512	1
Maris & Sonnet	Pharm	75,000	381	1
Plaza Express	Sec	445,000	2850	2
PowerGen	Sec	44,500	314	1
Shirley Monroe	Pharm	35,140	91	1
PURCHASES				
Alcon	Pharm	235,000	418	2
ASTED (ISSP)	Sec	20,000	28	2
Bentley Ltd	Pharm	10,000	15	1
Britax Int	Pharm	50,000	53	1
Cairn Energy	Pharm	24,757	118	5
Charles Stanley Gr	Pharm	58,080	77	2
Chesfield	Pharm	2,300,000	8510	1
Compass	Sec	450,000	3096	1
Cox Insurance Ltd	Pharm	104,201	188	1
Eyecare Products	Pharm	100,000	14	1
Fincham First etc	Pharm	20,000	54	1
Grainly Trust	Pharm	37,500	102	1
Hughes (TJ)	Pharm	30,000	27	1
Inspec Group	Pharm	55,000	108	1
London Insurance	Pharm	80,000	80	1
Mendores	Pharm	15,000	20	2
Montfield Estate	Pharm	80,000	23	1
Moutonville Ltd	Pharm	57,200	858	4
Polymed Plc	Pharm	50,000	58	2
Salvage (Christians)	Pharm	250,000	655	1
Ston Healthcare	Pharm	44,000	165	2
Victoria etc	Pharm	50,000	50	1
Wellington Underw	Pharm	11,604	13	1
Witcher	Pharm	200,000	59	1
Witton Inv	Pharm	5,000	15	1

Companies must notify the Stock Exchange within five working days of a share transaction by a director. The list contains all transactions listed and all company shares of 1% or more. Subsequent sales, with a value over £10,000, information released by the Stock Exchange. Shares traded are ordinary shares unless stated. £ = American Depositary Receipts. Source: The Inside Track, Edinburgh, 0151-473 7070

Current takeover bids and mergers

Company	Value of bid	Value of shares	Value of cash	Value of debt	Value of other
Amersham Intl	£1.830	1995	(5)	Mycomet	
Applied Digital	42	43	4214	14.78	Thibault & Brin
Argent Group	3724	450	226.5	Initial Property	
Atlas Concret	915	8074	6474	84.78	Valmet
Brookbank Group	6085	6724	5424	85.50	Mild Ocean
Caterpillar	580	570	580	189.08	Abbey National
Circle K	75	75	574	8.29	Star Star Group
Culture Media	28	27	24	7.30	Administrative
EFT Group	175	1824	134	89.6	Bank of Scotland
Energy Group	680	6404	648	3.58m	PacificCorp
Gen (S.A.)	82	80	714	29.68	Prospero Inds
Glenes Group	464	484	474	10.65	USI Higgs
Goldborough Hth	175	1714	126	76.65	SUPA Finance
Graniplex TV	3174	3154	3104	104.77	Scottish Media
GrandNet (A)	614	614	515	23.00m	Gallens
HIV	4205	4124	3304	37.1	Utd News & Media
Hortepool Water	286	270	195	19.41	Anglian Water
Health (C)	143	1304	1284	95.09	Erycius
Midland Ind News	210	194	1884	288.59	Mirror Group
Holo Group	140	1364	1364	24.78	Acco
Orioncare	161	162	155	18.99	Transworld
Polystyrene	128	123	1224	10.08	Fedders Int
Prin Care Homes	330	325	3174	45.21	Principal Hth
TLS	136	1314	1304	65.88	SE Capital
Unicom Intl	225	2174	155	85.5	Cole St. Boleyn
Waterford Fds (P)	124	130	80	83.04	Amersham
Wood (J)	145	1434	131	11.89	Ramiro Citywide
Yorkshire T-Test	113055	1120	1155	627.15	Granada

Intense speculation continued this week over the future of National Westminster, pushing its shares even higher, writes Virginia Marsh. The beleaguered UK bank failed, however, to force rival Barclays to make a statement over its intentions. □ Axa, the French insurer, ended months of uncertainty over its subsidiaries, Sun

Bids / deals

Life Provincial and Axa Equity Law, by announcing the two would be merged to create the UK's third biggest life insurer. Sun Life, 60 per cent owned by Axa, is to pay its parent \$60m for Equity Law's life and investment management businesses. □ The odds that Bass will

New issues

Billiton eyes £4.5bn float

Billiton, the non-precious metals arm of South African mining group Gencor, will publish its pathfinder prospectus on Monday. The flotation is expected to value the company at between £3.5bn and £4.5bn, writes David Blackwell. The wide range is due mainly to different assumptions about commodity market prices for aluminium, nickel, titanium minerals, coal, steel and ferro-alloys, and base metals. A consensus figure of about £3.9bn - excluding about £800m expected to be raised - gives a price of nearly 250p a share.

Eight banks are involved in the float. Its size - which is expected to take the group into the FTSE 100 immediately - and the scarcity value of mining groups on the London Stock Exchange, gives it a high profile. □ Metrolife, the London bus company which floats later this summer, this week forecast pre-tax profits of "not less than £4m" (£3m) for the year to October 1997. The company, which expects to be valued at about £55m on flotation, had net debt of £14.6m at the 1996 year-end. But a large portion of that was hire purchase debt, secured against the company's bus fleet, rather

than bank debt. Metrolife, which was formed under a £20m management buy-out in 1994, is aiming to raise between £3m and £5m of new money in order to cut debt. □ Galen, the Northern Ireland pharmaceuticals company, this week announced a pricing price of 150p for its flotation, valuing it at £181.9m. A total of

£45.4m is being raised - £30m in new money and £15.4m for the directors and other investors. Dealings are due to start on July 10. The new money will fund expansion of Galen's drug services business, investment in facilities in the US and Northern Ireland, and clinical trials of its intra-vaginal ring which administers HRT hormones.

Offers for sale, placements & introductions

Anglo Pacific is raising £200,000 via a placing of 4m shares @ 20p. C&S Publishing is raising £2.63m via a placing of 1.53m new shares @ 157p. Delos is raising about £1.7m via a placing of 880,330 shares @ 200p. Forum is raising £3.1m via a subscription & open offer of 233.3m shares @ 15p. NDC is coming to the market via a £28m reverse takeover by Blooms. News International is raising £4m via a flotation. TimesTen is raising £2m via a placing of 10m shares @ 90p.

In the Pink

After a year's dithering - have the bears arrived?

Though investor fears recede in a recovery, small companies provide the evidence, argues John Train

John Train is chairman of Montrose Advisers, an investment manager in New York City

There are some indications that a bear market in many stocks began about a year ago and bottomed, at least provisionally, at the end of April. One class of investor became strikingly aware of this - those holding stock in small companies and, naturally, small company funds.

Here is the casualty list of the worst-hit small-cap funds from June 1996 to March 1997: Frontier Equity (down 48 per cent; Steadman Technology Growth and Perkins Opportunity (both down 43); East End Capital Appreciation (down 38); Gavett Smaller Companies A (down 37); Dreyfus Aggressive Growth (down 36); and Van Wagoner Emerging Growth fund (down 34).

Striking! In the first quarter, more than 40 per cent of Nasdaq stocks had dropped by about a third from their highs, and the Investors Business Daily index of 23 growth funds was down 6 per cent. From the quarter ending in March to May, however, the same 23 funds bounced back about 13 per cent. So, is this just a bounce in a downturn, or a resumption of the uptrend? It is hard to say. One's bear market anxieties fade in a recovery. It is like extracting a thorn from a foot.

The same small-cap funds that had been hit so badly were quite satisfactory ones to have owned previously, if

you go back a bit. Gavett Smaller Companies, for instance, had risen 50 per cent on average during the three preceding years, so the faithful shareholders aren't hurting (although the fund manager, Jeff Bernstein, is: he got sacked. Aged 41 of 28, he took over the fund just as the good times ended and the share price swooned).

The term "faithful shareholders" requires attention. Gavett Smaller Companies started in 1996 and rose 27 per cent that year. Not bad. But three-quarters of the

The general rule is that most people do nothing for quite a while after things turn bad. Their courage is revived by a nice rally, such as the one we have been having. They just sit there, watching their favourite stocks go down and down with their eyes bulging out. But watched stocks, unlike watched pots, are uninhibited by such attention. Down they go, until the shareholder cannot stand it further and sells out to some stony-hearted skinflint with pots of money.

We encounter the market phenomenon. It is perfectly possible for many stocks to be fading while some remain strong, because speculative attention is refocused

On the other side of the ledger, we have the large-cap stocks, those in the major averages which aren't acting badly at all.

Indeed, many of the Toystar stocks, as I describe them, have done wonderfully.

Here we encounter the breadth of the market phenomenon, as it is called. It is perfectly possible for many stocks to be fading while some remain strong. That is because speculative attention perforce is refocused on whatever is still moving forward.

Remember the charge of the Light Brigade at the battle of Balaklava? The brigade commander, Lord Car-

digan adjusts his chinstrap glances over to see that his colour-bearer is keeping up, and kicks his horse into a trot, muttering: "There goes the last of the Brudenels." His trumpeter sounds the charge. The whole brigade sweeps forward, stormed at by shot and shell, as Tennyson says.

From the hill overlooking the valley of death, the army commander, Lord Raglan, can see the colours advancing through the smoke, marking the point Cardigan has reached. But fewer and fewer of his troopers are with him. Whole ranks fall to the ground.

Finally, almost alone, he reaches the far end of the valley, passes right through the guns and out the other side accompanied by his present colour-bearer, several earlier ones having been killed. On his hill, Raglan has known for some time that the charge has failed. Cardigan might be moving forward but there isn't any more Light Brigade.

In the same way, the stocks still advance when a fading mask the destruction of many.

Most of the money that has gone into this bull market has been directed to big stocks. Investors have found it convenient to own index funds, which perforce meant strength in the stocks making up those indices. But index funds, unlike conventional equity funds, do not hold cash. So, heavy redemption by index fund shareholders would affect the big stocks, too.

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FT WEEKEND

True Fiction

A nice girl and her solo number

Peter Aspdén meets Debs on a park bench and is moved by her sad tale of rejection

She was sitting on a park bench, the epitome of style. Emma Peel rubber jump suit, Prada wedges, a studded belt she had picked up at the Jackie O auction for just £25. Up to date? She was wearing a Swatch commemorating the death of James Stewart. A small badge on her left breast proclaimed: "The British tennis revival starts here".

A fresh face was betrayed by a mournful glaze in her too-made-up eyes. I sat down next to her, nervous of assuming a harassing disposition but equally anxious to establish a physical rapport, however slight. It is the modern condition, nervousness. In the end, conversation came easily as we were picking at the same brand of take-away sushi. We had both tasted better, and said so.

Her name was Deborah, or Debs, and her story was affect-

ing. Her tone was neutral, devoid of nuance, but there was self-pity - a telling waver whenever she stressed a point. She explained that she should have been one of the richest women in Britain, but things had gone against her.

"Things?" I asked.

"Fate, destiny, Enchilada Central, call it what you will. As flies to wanton boys are we..." she trailed off, testing me out. I picked up the reference, and replied with added top-spin: "Out, vile jelly!" while squeezing congealed rice out of its

sheath of dried seaweed. She appreciated that, and laughed. Debs decided to open her heart to me.

She had been involved in an international conglomerate with five other key players; they were bright, young, attractive and had made a spectacular rise to the top of their field. She was vague about the details. Their solidarity was strong. They made blood bonds, swore to look after each other through thick and thin, "although we promised it would always be thin." I took the point. Her shoulder

blades were pure Victorian. Things had gone really well for a while. They were all pulling in the same direction, sparking off each other, using creative tension positively and focusing on common objectives to achieve mutually agreed goals while embracing change. I guessed a business books publishing scam, but she laughed at my attempted ingenueness.

They were more like a group of performance artists, and in a short time they were *hot*. Their first work was a treatise on the nature of volition, a little bit

philosophical but made accessible to a mass audience. People loved it, and they climbed to the very top of their tree. But success changes people, she said. So did big money.

Her five colleagues had begun to gang up on her, leaving her out of important meetings, marginalising her. They used a variety of tactics: one would frighten her, the other would pull social rank; one would come over all naive and innocent, while another resorted to physical threats. The final member, a temperamental redhead,

began to terrify her.

Debs needed a moment or two to pull herself together. She was caught up in the flow of her own narrative, which had become more and more frenzied as we reached her troubling *dénouement*. She regained her composure and continued.

The harder she had tried, the worse it seemed to get. Soon her adversaries began to get more explicit. Debs no longer fitted in. Her qualms about the indecent haste of their success and the quality of their product was bringing them all down. There

was no room for faint hearts. She was with them, or against them. And actually, they had decided. It was unanimous.

So here she was, on the streets. I had warned Debs. She had a way of tempering her melancholy with a soft, life-affirming look that demanded attention.

We said our goodbyes. I was dying to know more about her story, which sounded so exotic, yet at the same time, ordinary. But she was all wrung out. I decided to give her a break.

As she turned her back, I could just make out some lettering on the back of her jump-suit. It looked like she had tried to erase the words, and left me thinking how different the world might have been if Debs had managed to hang on in there.

"Nice Spice," the jump-suit said. Tough break, I thought.

Arcadia

Tally-ho townies have rustics on the run

More than fox-hunting is under attack, says Christian Tyler

English country houses are museums, and their parks are playgrounds. The woods resound to the ragged gunfire of businessmen who pay to take pot shots at pheasants, and the grunts of office managers who pay to crawl through the undergrowth in search of self-improvement.

City dwellers battling down the motorway at the weekend in shiny Range Rovers are invited to visit a toy farm where, for a small entrance fee, they can see a cow being milked and a hen laying an egg.

The descendants of the rustics who left the land during the Industrial Revolution are moving back. They are taking over the countryside and tidying up the mess.

But the peasants are in revolt and the pitchforks are coming up the drive. Next Thursday, 100,000 people, from dukes to ditch-diggers, are expected to join a demonstration in Hyde Park, London. The organisers say the protest is not just about a Labour MP's private bill to abolish fox-hunting, not just about defending country pursuits, but about "the political future of rural areas".

This is not about recre-

ation. In other words, but survival. "We are being taken over by weekenders," says Bill Ewins, who farms 104 acres in Dorset. "They come in and change everything, and the next thing is they're on the council."

"Town people just don't understand country life," added his wife Dorothy. "The whole social life of the country is tied up with hunting, or the church."

The demographic fact is that only about a fifth of Britons are classed as rural inhabitants, including those in country towns. The true figure may be nearer one eighth. Thanks to the efficiency of British farming, and a European subsidy system that enables big farms to drive out small ones, the number of agricultural workers in the UK continues to fall. There were 160,000 regular employees in 1995, a number not much bigger than the crowd expected in London on Thursday.

The political consequence is that urban dwellers dominate the county councils and the national parliament at Westminster. Where once industrial workers from the cities would march in protest at policies handed down by country landowners, today the gumbot is on the other foot. The sons and



daughters of the working class are the political masters now.

So whose idea of the country should prevail? That of the city dweller - or urban refugee - with his delicate sensibilities and romantic notions? Or that of the robust but dwindling rural minority which is not

But the peasants are in revolt and the pitchforks are coming up the drive

affronted by a little mud and blood?

For, as many starchy-eyed city migrants have learned to their cost, life in the country is not all pine dressers and hanging baskets. It can be tough out there.

In days gone by, a country

gentleman was someone who lived on his acres and came up to town to visit his club and his tailor. Today he is someone who earns a packet in the city and goes down to the country at weekends where he socialises with his City friends.

Like other townies, he shows a suburban intolerance for the muck, noise and smell of farm life - the rattle of the tractor in the field, the boom of the grain dryer, the stench of silage and liquid manure. He is offended by the litter of blue polythene sacks in the hedges and the old harrow rusting in the corner of the field.

Not long ago, a pig farm near the Ewins' was shut down after a complaint about the smell. Another farmer was taken to court because his dog was barking. He won the case, but it cost him £2,000. And everybody knows the true story of the cockerel that was banished by court order for waking the neighbours at dawn.

Even farmers feel the hazards. The front page of last week's Dorset edition of the Western Gazette trumpeted: "Wild Boar Alert". The story told of a farmer who was charged by a feral sow defending her piglets and had to run for it. There are persistent reports of pumas savaging sheep, and escaped mink are everywhere.

The townsman cannot understand the countryman, and vice versa. A farmer in Kent, who lives on terrain too broken up for fox-hunting, described recently how he and his son shot foxes by driving over the fields at night and picking them off in the headlights.

The biggest haul he had heard of was made possible by the pest control department of a London borough. Well-meaning council officials had rounded up and packed into a van 13 foxes that were digging up suburban gardens and rooting in the dustbins. They drove them out to Kent, where

they set them free. Bemused, the foxes stood in a field, wondering where the next dustbin was coming from. While they were thus pondering, a couple of farmers armed with shotguns rose from behind a hedge and shot the lot.

"A lot of people think the hunt is made up of the rich pursuing a sentient being," says the Marchioness of Worcester, an environmental campaigner whose father-in-law, the Duke of Beaufort, has the smartest hunt in Britain. "That is such a misconception. Hunting saves wildlife and the entire ecological system."

Lady Worcester says she and her family will be at Thursday's rally.

Country people, according to the British Field Sports Society, find themselves at the mercy of urban parliamentarians and an ignorant public. Janet George, its spokeswoman, said farmers went up to their necks in debt to manage their businesses, but their children could not afford property prices. "A lot of villages have lost their shop and their pub because the people living there won't buy anything in the village."

The rural lobby has beaten off the abolitionists before. Dorothy Ewins remembers the protest in 1949 when

another Labour MP in another new Labour government tried to get fox-hunting banned. His bill was withdrawn under pressure from the whips, and a committee was appointed to look into the cruelty question. In spite of Labour's manifesto pledge to have a free vote on hunting, something similar is likely to happen to Michael Foster's Bill after its second reading at the end of November.

Meanwhile the Ewins' farm will not be passing to their son. After three generations, it is no longer viable. "We have survived, but this is the end," says Dorothy Ewins.

Metropolis

How green was my envy?

Washington's elite begs to be included in its 'Social List'. Rachel Johnson reports

In a basement in an affluent, but not overly-fashionable, Washington suburb, a full-time staff of eight are putting the world's most powerful individuals in their place. The elite may gather in the Congressional Country Club, the University Club and in the ruffe-curtained salons of Georgetown, but there is no gathering to compare with the combined clout of the names in the Green Book.

When the 1998 edition of what is formally known as "The Social List of Washington DC and Social Precedence in Washington" is published in early October another set of important and self-important individuals will discover that they did not make the book and are nobody in this town.

Just to hold a soft, felt-bound copy in your hands gives a faintly illicit thrill. If you're not in it, you shouldn't have one. To buy it, you have to pay \$60, and you have to be a listed member. To be listed, three current members must write letters of recommendation to the publisher, Peter Murray. Then a board of five decides whether the proposed newcomer will make the grade. "It's not a blue blood list," insists Murray. "The com-

mittee has to assess whether a new name is a socially active member of Washington society."

Of the 600 pages, it's the Social List, 280 pages of delicious snobbery from Mrs Henry Abbott to Mrs Werth Vanderbilt Zuver, that has social climbers sending crates of whisky and making begging calls to the Kensington office at this time of year in self-defeating bids for inclusion.

"This isn't a snooty type of thing," says Anne Liu, the editor. "It's a tool. You can use the Green Book to see which kids attend the same school as your own, and then call up their parents."

Indeed you can. Each entry lists the name, address and telephone number of the socially active Washingtonian. So, in a random entry, one will learn that daughter "Miss Sally Christine" is "at Plotchkiss" and that "Mr William Jr" attends St Albans.

And then, one's eyes are no doubt meant to pop enviously at the mention of the second home in Virginia, the apartment in New York and the beach house in Florida. In a country where wealth and status go hand in hand, it's a heaven-sent invitation to broadcast success.

But there's more to the Green Book than self-advertisement. After the Social List comes a meticulous section on protocol, address of officials and social forms. It begins, sternly: "The necessity of following the rules of protocol in the Nation's Capital is of momentous importance." It gives indispen-

Another set of individuals will discover that they are nobody in this town

able advice, such as how to address the President or any other official in the course of a "prolonged conversation". (Sir or Madam, we learn, is perfectly proper.)

The Green Book runs a protocol service for subscribers; in the office, Anne Liu takes a call from a business anxious about a seating plan. It is difficult not to sympathise with the caller, whose twittering questions echo around the office.

As Liu explains, diplomats are straightforward. Ambassadors have to be seated

according to how long they have held their posts in Washington. Senators are trickier. They are seated on the basis of when they were sworn in, but as many are sworn in on the same day, they are also seated according to whose state got to the union first. "You have to get it right. Guests have been known to walk out if they're not seated according to their rank," she warns.

The Green Book is not unique. New York has its Blue Book, which is even older, and Denver and San Francisco have their own versions. But as Washington is the capital of the world's most powerful nation, it carries a certain socio-historical significance as well as a 67-year tradition.

In 1930, the book was a slim mimeographed pamphlet, produced to plug a gap in the traditional blue blood lists, which made no mention of the foreign diplomatic community and the federal power-brokers. Now it reflects the representation of 187 foreign countries, the presence of big business in the capital and the explosive expansion of government.

"We have to reflect what Washington is doing. All these groups are an integral part of social Washington

and have to be listed," says Liu, pragmatically.

Through the years, the book has become less intimate and more inclusive. One suspects that some mourn the passing of the days when divorcees were automatically removed from its pages. The first black appeared in 1973, and declared there was "an element of loathing in the euphoria of being accepted".

Now there are plenty of African-American and Asian socialites on the list.

Though some insiders suggest critically that the Green Book has become more of a telephone directory, its cachet has not diminished with the out-crowd.

When she discovered that I was to visit the sanctum sanctorum in Kensington, one Washingtonian begged: "Please, please see if you can get me a copy. I've lived in this town for 25 years, and I've never been able to get my hands on one."

Well, I was given a copy. But it's worth its weight in gold and I'm keeping it to myself.

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Van Gogh

La Moisson en Provence, 1888



Sold at Sotheby's for £8.8 million in June, 1997

A World
Auction Record
for a Work
on Paper by
the Artist

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INVESTMENT TRUSTS - Cont.[illegible]

Warrant

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Source: *U.S. Census Bureau, Current Population Reports, 1970, 1980, 1990, 2000, 2010, 2012, 2013, 2014, 2015, 2016, 2017, 2018, 2019, 2020, 2021, 2022, 2023, 2024, 2025, 2026, 2027, 2028, 2029, 2030, 2031, 2032, 2033, 2034, 2035, 2036, 2037, 2038, 2039, 2040, 2041, 2042, 2043, 2044, 2045, 2046, 2047, 2048, 2049, 2050, 2051, 2052, 2053, 2054, 2055, 2056, 2057, 2058, 2059, 2060, 2061, 2062, 2063, 2064, 2065, 2066, 2067, 2068, 2069, 2070, 2071, 2072, 2073, 2074, 2075, 2076, 2077, 2078, 2079, 2080, 2081, 2082, 2083, 2084, 2085, 2086, 2087, 2088, 2089, 2090, 2091, 2092, 2093, 2094, 2095, 2096, 2097, 2098, 2099, 2100, 2101, 2102, 2103, 2104, 2105, 2106, 2107, 2108, 2109, 2110, 2111, 2112, 2113, 2114, 2115, 2116, 2117, 2118, 2119, 2120, 2121, 2122, 2123, 2124, 2125, 2126, 2127, 2128, 2129, 2130, 2131, 2132, 2133, 2134, 2135, 2136, 2137, 2138, 2139, 2140, 2141, 2142, 2143, 2144, 2145, 2146, 2147, 2148, 2149, 2150, 2151, 2152, 2153, 2154, 2155, 2156, 2157, 2158, 2159, 2160, 2161, 2162, 2163, 2164, 2165, 2166, 2167, 2168, 2169, 2170, 2171, 2172, 2173, 2174, 2175, 2176, 2177, 2178, 2179, 2180, 2181, 2182, 2183, 2184, 2185, 2186, 2187, 2188, 2189, 2190, 2191, 2192, 2193, 2194, 2195, 2196, 2197, 2198, 2199, 2200, 2201, 2202, 2203, 2204, 2205, 2206, 2207, 2208, 2209, 2210, 2211, 2212, 2213, 2214, 2215, 2216, 2217, 2218, 2219, 2220, 2221, 2222, 2223, 2224, 2225, 2226, 2227, 2228, 2229, 2230, 2231, 2232, 2233, 2234, 2235, 2236, 2237, 2238, 2239, 2240, 2241, 2242, 2243, 2244, 2245, 2246, 2247, 2248, 2249, 2250, 2251, 2252, 2253, 2254, 2255, 2256, 2257, 2258, 2259, 2260, 2261, 2262, 2263, 2264, 2265, 2266, 2267, 2268, 2269, 2270, 2271, 2272, 2273, 2274, 2275, 2276, 2277, 2278, 2279, 2280, 2281, 2282, 2283, 2284, 2285, 2286, 2287, 2288, 2289, 2290, 2291, 2292, 2293, 2294, 2295, 2296, 2297, 2298, 2299, 2300, 2301, 2302, 2303, 2304, 2305, 2306, 2307, 2308, 2309, 2310, 2311, 2312, 2313, 2314, 2315, 2316, 2317, 2318, 2319, 2320, 2321, 2322, 2323, 2324, 2325, 2326, 2327, 2328, 2329, 2330, 2331, 2332, 2333, 2334, 2335, 2336, 2337, 2338, 2339, 2340, 2341, 2342, 2343, 2344, 2345, 2346, 2347, 2348, 2349, 2350, 2351, 2352, 2353, 2354, 2355, 2356, 2357, 2358, 2359, 2360, 2361, 2362, 2363, 2364, 2365, 2366, 2367, 2368, 2369, 2370, 2371, 2372, 2373, 2374, 2375, 2376, 2377, 2378, 2379, 2380, 2381, 2382, 2383, 2384, 2385, 2386, 2387, 2388, 2389, 2390, 2391, 2392, 2393, 2394, 2395, 2396, 2397, 2398, 2399, 2400, 2401, 2402, 2403, 2404, 2405, 2406, 2407, 2408, 2409, 2410, 2411, 2412, 2413, 2414, 2415, 2416, 2417, 2418, 2419, 2420, 2421, 2422, 2423, 2424, 2425, 2426, 2427, 2428, 2429, 2430, 2431, 2432, 2433, 2434, 2435, 2436, 2437, 2438, 2439, 2440, 2441, 2442, 2443, 2444, 2445, 2446, 2447, 2448, 2449, 2450, 2451, 2452, 2453, 2454, 2455, 2456, 2457, 2458, 2459, 2460, 2461, 2462, 2463, 2464, 2465, 2466, 2467, 2468, 2469, 2470, 2471, 2472, 2473, 2474, 2475, 2476, 2477, 2478, 2479, 2480, 2481, 2482, 2483, 2484, 2485, 2486, 2487, 2488, 2489, 2490, 2491, 2492, 2493, 2494, 2495, 2496, 2497, 2498, 2499, 2500, 2501, 2502, 2503, 2504, 2505, 2506, 2507, 2508, 2509, 2510, 2511, 2512, 2513, 2514, 2515, 2516, 2517, 2518, 2519, 2520, 2521, 2522, 2523, 2524, 2525, 2526, 2527, 2528, 2529, 2530, 2531, 2532, 2533, 2534, 2535, 2536, 2537, 2538, 2539, 2540, 2541, 2542, 2543, 2544, 2545, 2546, 2547, 2548, 2549, 2550, 2551, 2552, 2553, 2554, 2555, 2556, 2557, 2558, 2559, 2560, 2561, 2562, 2563, 2564, 2565, 2566, 2567, 2568, 2569, 2570, 2571, 2572, 2573, 2574, 2575, 2576, 2577, 2578, 2579, 2580, 2581, 2582, 2583, 2584, 2585, 2586, 2587, 2588, 2589, 2590, 2591, 2592, 2593, 2594, 2595, 2596, 2597, 2598, 2599, 2600, 2601, 2602, 2603, 2604, 2605, 2606, 2607, 2608, 2609, 2610, 2611, 2612, 2613, 2614, 2615, 2616, 2617, 2618, 2619, 2620, 2621, 2622, 2623, 2624, 2625, 2626, 2627, 2628, 2629, 2630, 2631, 2632, 2633, 2634, 2635, 2636, 2637, 2638, 2639, 2640, 2641, 2642, 2643, 2644, 2645, 2646, 2647, 2648, 2649, 2650, 2651, 2652, 2653, 2654, 2655, 2656, 2657, 2658, 2659, 2660, 2661, 2662, 2663, 2664, 2665, 2666, 2667, 2668, 2669, 2670, 2671, 2672, 2673, 2674, 2675, 2676, 2677, 2678, 2679, 2680, 2681, 2682, 2683, 2684, 2685, 2686*

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Ratio	Pct	High	Low	Yld
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Windsor Spd Inc. B	100	17.8	14.4	11.2
Windsor Spd Inc. C	100	17.8	14.4	11.2
Windsor Spd Inc. D	100	17.8	14.4	11.2
Windsor Spd Inc. E	100	17.8	14.4	11.2
Windsor Spd Inc. F	100	17.8	14.4	11.2
Windsor Spd Inc. G	100	17.8	14.4	11.2
Windsor Spd Inc. H	100	17.8	14.4	11.2
Windsor Spd Inc. I	100	17.8	14.4	11.2
Windsor Spd Inc. J	100	17.8	14.4	11.2
Windsor Spd Inc. K	100	17.8	14.4	11.2
Windsor Spd Inc. L	100	17.8	14.4	11.2
Windsor Spd Inc. M	100	17.8	14.4	11.2
Windsor Spd Inc. N	100	17.8	14.4	11.2
Windsor Spd Inc. O	100	17.8	14.4	11.2
Windsor Spd Inc. P	100	17.8	14.4	11.2
Windsor Spd Inc. Q	100	17.8	14.4	11.2
Windsor Spd Inc. R	100	17.8	14.4	11.2
Windsor Spd Inc. S	100	17.8	14.4	11.2
Windsor Spd Inc. T	100	17.8	14.4	11.2
Windsor Spd Inc. U	100	17.8	14.4	11.2
Windsor Spd Inc. V	100	17.8	14.4	11.2
Windsor Spd Inc. W	100	17.8	14.4	11.2
Windsor Spd Inc. X	100	17.8	14.4	11.2
Windsor Spd Inc. Y	100	17.8	14.4	11.2
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Company	Rate	Policy	Term	Amount	Notes
1. American Life	100	100	100	100	
2. American Life	100	100	100	100	
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69. American Life	100	100			

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COMPANIES AND FINANCE

Brothers who founded Argent to quit

By Virginia Marsh

Mr Peter Freeman and his brother, Michael, announced yesterday that they were leaving Argent and selling most of their holdings in the UK property investment and development company they founded just three years ago.

The move angered some institutional investors. The brothers, who founded Argent in the 1990s, are selling a stake of about 7 per cent for about £11.5m, along-

side other directors and the US investment bank Warburg Pincus, the largest shareholder, which is selling about 23 per cent.

The total holding of 39.5 per cent has been sold to the property arm of the BT Pension Scheme, the UK's largest pension fund, at 375p a share - a near 17 per cent discount to Thursday's closing price.

The deal will give the pension scheme, which is making the purchase through its

subsidiary, BritTel Property, a 40.2 per cent stake and trigger a mandatory bid at 375p a share under Stock Exchange rules.

This values the company, which has been one of the best rated in its sector, at about £240m.

The shares fell 77½p to 372½p yesterday. This compares with a flotation price of 255p in June 1994 and net asset value per share of 312p at the last valuation in December. The sale took by

surprise other shareholders, which include Royal Insurance, Gartmore, Prudential and Schroders.

"We've been left high and dry. We thought we were backing two individuals committed to running their own public investment vehicle," said one institutional investor.

"We're being left as a minority shareholder in a completely different company. The sale could have been structured to satisfy

more shareholders."

Mr Peter Freeman, who will step down as joint chief executive with his brother in a year's time, said they wanted to return to private business where they could invest in higher-risk, hands-on projects without the constraints of running a public company.

"When we floated Argent we expected to stay more or less for ever, but we found we had to run the company in a more conservative

manner to suit the City," he said.

Warburg Pincus, a pre-flotation investor, had also been looking for a route to realise its investment in the company. The bank sold half its original stake of 45 per cent in 1996 at 388p a share.

Argent said it hoped to maintain Argent's listing but that this would depend on whether the exchange considered the stock sufficiently liquid once the results of the offer were known.

Mirror Group agreed £297m bid for MIN

By Richard Wolfe

Mirror Group yesterday sought to become a substantial force in English regional newspapers with an agreed £297m (£490.05m) bid for Midland Independent Newspapers.

The deal, if approved by the Monopolies and Mergers Commission, would add regional titles to the Mirror's stable of national newspapers.

Mr David Montgomery, chief executive of Mirror Group, said: "There is very limited risk here. We are not entering the world of digital television, where you need a lot of investment. We are dealing with a highly profitable business which we can make more profitable with the tactics we have used in the past."

The price came at the top end of City forecasts, valuing the Birmingham-based group at 210p a share compared with 149p when news of the bid emerged last month. Mirror Group said the price was justified by MIN's expectations of a 59 per cent rise in pre-tax profits from £3.5m to £13.2m, before exceptional charges, in the first half of this year.

Mr Montgomery said a combined group would offer immediate savings worth £5m through cuts in administrative overheads and bulk purchase of newspaper.

Mirror Group also expects "quite significant" benefits from integrating advertising sales, printing and distribution. Editorial content is also likely to be shared between the regional and national titles.

Analysts said the deal reflected Mirror Group's frustration at cross-media ownership laws in the UK. Informal talks between Mirror and other media groups - including Carlton Communications and Pearson, the owner of the Financial Times - failed to progress last year.

Instead Mirror Group secured its first regional deal with the £15m purchase last year of the Belfast-based Newsletter, the UK's oldest daily newspaper. Mirror bought 25 per cent of MIN shares yesterday at 210p, and MIN shares closed up 7p at 195.5p. Mirror shares rose 14.5p to 300.5p. Details of a share alternative to the cash bid will be announced if the deal wins MMC backing.



Train spotter: Peter Newey said higher consumer spending had not spread to model field

Hornby unsettled by warning

By Anatol Lieven

A 16 per cent improvement in like-for-like sales of its core model railway and Scalextric car racing products helped Hornby return to the black with full-year pre-tax profits of £2.65m.

However, a warning from Mr Peter Newey, chairman, that trading with multiple retailers was mixed and that increased consumer spending had not spread to the toy and model field left the shares down 15½p at 253p.

The UK group mounted a sharp recovery in the year to March 31 after a pre-tax deficit of £5.16m in the comparable 15 month period, which mainly reflected losses

on the sale in February 1996 of its Fletcher Sports Boats offshoot in the US. Hornby has also discontinued its toy range, and overall sales fell from £38.6m to £29.5m.

In December, Nikko of Japan decided to distribute its own products in the UK, ending its distribution arrangement with Hornby. Nikko accounted for £3.5m of Hornby's sales last year.

Analysts said the market for toys was changing, with children "growing older" and demanding fashionable clothes instead of toys.

In response, Hornby was concentrating on sophisticated products with higher profit margins. This has also involved selling less to children and more to adult males.

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Top pay doubles at London Clubs

By Scheherazade Dancosch, Leisure Industries Correspondent

The total pay of directors at London Clubs International, which in February launched a £192m hostile bid for rival casino operator Capital Corporation, doubled in the year to March 30.

The company's four executive directors received a rise in total remuneration from £1.2m to £2.4m. The pay package of Mr Alan Goodenough, chief executive, rose from £405,000 to £851,000, including bonuses amounting to £544,000.

The payments were made under a four-year bonus scheme introduced when the company floated at 100p in June 1994. However, the bonus scheme was discontinued in March after the introduction of a long-term incentive plan.

The Monopolies and Mergers Commission report on the bid is complete and will be sent to the Department of Trade and Industry on Monday.

London Clubs' 47-for-100 share bid for Capital lapsed in April, after the Office of Fair Trading referred the proposed merger citing competition concerns. London Clubs said yesterday that it had not decided whether to make a new offer if the DTI clears the bid.

A successful takeover would have given London Clubs up to 65 per cent of the drop - the amount exchanged for chips - in London and nine out of the capital's 21 casinos.

No time-scale has been set for publication of the report, but its findings are expected to be made public within 21 days. Mrs Margaret Beckett, the trade and industry secretary, who last week blocked the deal, said she was "in favour of tough action on bids which raise competition concerns."

London Clubs shares, which rose during the bid, have fallen from a high of 418p in March. The rose 9p to 388p last night. Capital Corporation shares shed ½p to 186½p.

Display.IT pressed over sales claims

By Nicholas Denton

Display.IT, the UK software company, came under further pressure yesterday to back up its sales claims as its shares dropped lower in trading on the Oxfex over-the-counter market.

Company advisers are understood to have given Display.IT until early next week to substantiate its association with Mr Ross Perot, after representatives of the US billionaire denied any connection.

Advisers are asking for the names of the entities behind Alsinia, a Luxembourg-registered company through which Display.IT claims it is

selling 520,000 copies of the software it developed. Display.IT shares, which hit 810p earlier this year on enthusiasm for the internet, closed off 40p at 360p.

They had lost 100p earlier in the day, but recovered after a statement from Mr Peter Levin, chief executive, whose 63 per cent stake in the company, one of the UK's biggest internet fortunes.

Mr Levin, blaming rumours on "a concerted and continuing bear raid" by speculators, said half the £11.5m Alsinia contract had already been received. As a sign of confidence, he said he had bought 7,500 shares in this company this week.

Stena chafes at delay on EU ferry merger decision

By Chris Gressor

Stena Line, the ferry operator, said yesterday that "frustration was mounting" as both it and P&O wait to hear whether they will be allowed to merge their cross-Channel ferry operations.

A decision from Mrs Margaret Beckett, the trade and industry secretary, has been expected for weeks. Stena said: "The concern is the longer the waiting goes on, the more difficult it is to knot the two businesses together... The sooner we can take out costs the better." Stena's B shares lost

SKR0.5 to close at SKR38 in Stockholm.

The joint venture will enable the two companies to cut overcapacity in the cross-Channel market by withdrawing three ferries from the Dover-Calais route. Between them, the two offer 45 return sailings a day.

However, P&O said overcapacity was not a pressing issue over the peak summer season. Its bookings are understood to be running 50 per cent ahead of last year, buoyed in part by holiday-makers taking advantage of the strength of sterling. P&O said it too would be

"keen to get on with the merger", which could yield it annual savings of some £75m. P&O's shares shed 9½p to 614½p yesterday. They have slid down from 640p since May.

The French competition authorities have already approved the Stena/P&O deal. Last month, Brussels sent a letter to both companies expressing "serious doubts". However, executives at the companies are understood to be confident the deal will soon be approved by the European Commission, provided its concerns were addressed.

PGA shares fall on profit caution

By Patrick Haverson

Shares in PGA European Tour Courses lost 16 per cent of their value yesterday after the golf course operator issued a profits warning, accepted the resignation of its managing director and announced a significant retrenchment of its expansion strategy.

The company said trading in the first half of the year had been affected by the strength of sterling - it has a number of courses in continental Europe - and warned that results for the first year would be "materially below market expectations", even before exceptional costs.

Peel Hunt, the company's stockbroker, had forecast 1997 profits would be virtually unchanged from last year at £2.8m.

The resignation of Mr Sean Kelly, managing director, was accepted yesterday. His departure came as PGA decided to abandon its plan to increase its portfolio of top European golf courses from eight to 20.

Instead, the company will pursue a strategy based upon operating "flagship" golfing venues, and developing the commercial activities around the televised European PGA Tour events held at the courses.

Mr Kelly's responsibilities will be taken over by Mr Richard Thompson, chairman.

The shares fell 8½p to 51½p.

Fortune Oil to grow via £23.4m rights

By Emilio Terazono

Fortune Oil, the UK petroleum trading, distribution and marketing group which focuses on China, yesterday announced a £23.4m rights issue.

The company, which relies on its Chinese oil trading business for the bulk of its profits, will use the proceeds from the 3-for-14 issue at 11p to finance its aviation fuel joint venture which will supply airports in central and southern China.

Some of the new money will also be used to fund the expansion of its petrol station operations in China, and to reduce debt.

Fortune will issue a total of 234m rights shares, bringing the total to 1.3bn. According to Hoare Govett, the house broker, the issue will increase the company's net assets to £43.7m.

Mr Barry Cheung, the Hong Kong-based chief executive, said the company's shareholder structure was unlikely to change because

of the rights issue. First Level, which owns more than 33 per cent of Fortune, has given an irrevocable undertaking to take up its total entitlement. The balance is underwritten by Hoare Govett.

Fortune, which was listed in August 1993 at 34p, has seen its growth supported by sales of crude oil and oil products into China, the provision of oil-related infrastructure, including oil terminals and storage, and the distribution of fuel and lubrication.

The company hopes to decrease its reliance on the oil trading business and increase its focus on distribution, marketing and infrastructure investments.

For 1996 Fortune reported a 60 per cent rise in pre-tax profits to £2.5m, while sales rose to £391.9m.

Dealing in the rights shares is expected to start on July 25.

The shares yesterday closed unchanged at 15½p.

NEWS DIGEST

Eurotunnel shuttle setback

Eurostar high-speed train services achieved a sharp increase in passenger numbers through the Channel tunnel in June but traffic on Eurotunnel's passenger shuttles dipped slightly compared with the same month last year.

Passengers travelling on Eurostar services between London, Paris and Brussels rose 19 per cent from 439,134 in June 1996 to 524,520 last month, making a total of 2.7m in the year so far.

Passenger shuttle numbers, including cars and coaches, fell from 185,732 in June last year to 180,730. The number of cars fell to 175,593, against 177,826, while coach numbers fell to 5,937 to 5,937.

Long-distance rail freight services carried 275,225 tonnes, up from 227,306 tonnes last year to establish a new monthly record. Freight shuttles, which were halted following a fire last November, resumed in mid-June and carried 15,683 lorries compared with 48,028 in June 1996.

Eurotunnel said it was pleased with the rapid recovery of freight shuttle business. This had been helped by an introductory offer to hauliers which led to a further 10,373 lorries being carried free in June in advance of the re-opening of the commercial service.

The latest figures come as Eurotunnel prepares for an extraordinary meeting on July 10 at which shareholders will vote on the company's £2.5bn restructuring plan with its creditor banks.

Prospects for the plan being approved look strong following the decision last week of one large institutional investor and an influential association of individual shareholders to switch views and support the deal.

The company's case was also boosted by the decision of the British and French governments to agree to an extension of at least 34 years to the operating concession for the Channel tunnel rail link, which is expected to expire in 2062.

Eurotunnel must still achieve a quorum of 230m votes for this week's extraordinary meeting to be valid. The restructuring will also require unanimous approval by its 174 creditor banks, in a process expected to be concluded during the autumn.

Charles Batchelor in London and Andrew Jack in Paris

Centrica 'take-or-pay' deals

Centrica, the supply business demerged from British Gas, yesterday said it had renegotiated three "take-or-pay" contracts. The separate deals with Amerasia Hess, Enterprise and OMV (UK), were understood to cover about 5bn therms of gas from the Beryl field. They cost less than £5m to unwind.

The contracts will be terminated on October 1 next year. This leaves the three companies aligned with Mobil, which ended its contract with Centrica last December.

Mr Kenneth Gardiner, chief negotiator for Centrica, said he expected to announce bigger deals in the coming months.

Yesterday's agreement means that Centrica has now reduced its price and volume commitments on more than 30bn therms.

Simon Holberton

Chrysalis sells mobile unit

Chrysalis, the music and media group, has sold Chrysalis Television Mobiles, its Nottingham-based outside broadcast facilities unit, for £2.95m to companies owned by Mr Malcolm Bartram, its managing director and founder.

The Scanners companies will pay £950,000 in cash, £700,000 over four years, and the remainder in the form of free services to the Chrysalis Group for up to six years.

CTM, which sold its racing services sub-division last year, incurred pre-tax losses of £209,000 on turnover of £3.6m for the year to August 31 1996. The assets will have a net book value on completion of £2.35m.

Chrysalis said the disposal completed the group's strategy of moving out of television facilities as it focused on content provision and programming rights.

Corporate Services buys

Corporate Services Group, the contract labour and training services supplier, yesterday announced three acquisitions for a total of £5.44m cash and the appointment of Collins Stewart as joint stockbroker with Henderson Crosthwaite Institutional Brokers.

Corporate has acquired Rainbrowdie, which supplies care to the hospital and local authorities' markets, for £2.5m. It has also purchased two staffing agencies: Southern Appointments, for up to £2m, and Hallmark Staff Services for £1.34m.

Electronics side hits Inteltek

A disappointing contribution from the electronics side at Inteltek left pre-tax profits down at £813,000 for the 11 months to March 31, compared with £1.1m for the previous year.

Mr John Davis, chairman and chief executive of this Swindon-based concern - also involved in communications and aerospace - said the electronics division suffered weak demand for both conventional and microwave circuits.

He added that the aerospace division continued to perform well and that the group order book since the end of May was 34 per cent higher at £10.9m.

Turnover was £24m against £27.2m.

GBE raising £6m

GBE International, the Hampshire-based process engineer, is raising just over £5m to finance a fundamental restructuring and provide working capital for product development.

Some 37m shares are being placed at 17.55p apiece, with shareholders invited to subscribe for 6.05m on a 1-for-9 basis. The placing and open offer is fully underwritten by Albert E Sharp.

Boost for Wilson Bowden

Shares in Wilson Bowden, the housebuilder, rose by 19p to 534p yesterday after an optimistic trading statement. Having completed its trading for the first half, the group said it was confident of achieving a significant rise in profitability in the full year.

Its property development division had entered into sale agreements on four projects previously announced, and tenancy agreements were 95 per cent complete.

Two out-of-town retail developments, which are expected to complete in the second half, had been particularly successful and should achieve better than expected profits.

On the housing side, David Wilson Homes had experienced improved market conditions in the south of England, though the north remained difficult.

FTSE Actuaries Share Indices - Quarterly Valuation The UK Series

	Market cap as at 30/06/97 (£m)	% of All- Share Index	Market cap as at 27/03/97 (£m)	% of All- Share Index	Market cap as at 31/12/96 (£m)	% of All- Share Index
FTSE 100	90881.44	75.01	77857.27	72.88	70886.29	73.07
FTSE 250	19458.77	18.04	18368.84	19.31	18330.55	18.85
FTSE 250 ex IT	17570.12	16.29	17291.45	17.69	17470.00	16.06
FTSE 350	100340.81	93.05	93403.61	92.20	89707.83	92.72
FTSE 350 ex IT	98164.46	91.03	91252.63	90.12	87720.30	90.57
FTSE 350 Higher Yield	43832.58	42.32	46933.78	46.35	45120.13	46.64
FTSE 350 Lower Yield	54708.22	50.73	49444.15	45.85	44577.02	46.07
FTSE SmallCap	74928.24	6.85	70227.39	7.30	70482.19	7.28
FTSE SmallCap ex IT	67176.51	6.72	63227.67	6.58	63551.37	6.65
FTSE All-Share	107857.15	100.00	101308.10	100.00	96754.10	100.00
FTSE All-Share ex IT	104331.27	96.75	97915.58	96.65	93571.19	96.71
10 MINERAL EXTRACTION	107615.83	9.98	98401.04	9.82	96081.92	9.93
12 Extractive Industries	12502.82	1.16	11851.01	1.15	11487.01	1.19
15 Oil Integrated	6532.88	0.61	7817.77	0.77	7549.09	0.78
15 Oil Exploration & Prod	8785.35	0.81	3874.57	0.38	3155.32	0.33
20 GEN INDUSTRIALS	146914.96	13.59	158222.41	15.48	162297.94	16.56
21 Building & Construction	9248.4	0.86	9206.94	0.91	7682.82	0.82
22 Building Metals & Merchs	23181.74	2.15	23280.05	2.30	21083.78	2.18
23 Chemicals	18484.42	1.71	18386.15	1.81	18870.58	1.95
24 Diversified Industrials	20179.27	1.87	22782.55	2.25	27115.78	2.80
25 Electronic & Elect Equip	18270.25	1.69	19708.53	1.95	20027.50	2.07
26 Engineering	38185.07	3.53	40886.54	4.03	41426.14	4.28
27 Engineering: Vehicles	6304.4	0.57	6285.76	0.62	6079.96	0.63
28 Paper: Pulp & Printing	6307.65	0.77	10258.58	1.04	10718.46	1.11
29 Textiles & Apparel	2716.72	0.25	2774.01	0.27	2852.56	0.29
30 CONSUMER GOODS	18371.59	17.08	17800.47	17.46	15993.07	16.50
32 Alcoholic Beverages	28921.04	2.68	28003.00	2.57	24345.23	2.52
33 Food Products	34873.84	3.22	34925.89	3.42	31554.07	3.26
34 Household Goods	6291.85	0.58	5117.20	0.51	4501.69	0.47
36 Health Care	6229.66	0.58	6136.54	0.61	5873.03	0.62
37 Pharmaceuticals	98154.06	9.10	86770.28	8.57	75916.77	7.84
38 Tobacco	20642.22	1.91	16282.42	1.80	16073.98	1.75
40 SERVICES	231923.65	21.51	240137.19	23.70	238993.43	24.38
41 Distributors	8512.01	0.79	8229.02	0.82	9484.54	0.98
42 Leisure & Hotels	21232.92	1.97	22812.21	2.25	21051.83	2.16
43 Media	53336.12	4.99	57044.37	5.62	57421.71	5.89
44 Consumer Food	25941.78	2.38	24516.08	2.42	26115.67	2.70
45 Retailers: General	50550.49	4.70	53037.29	5.24	52141.79	5.36
47 Breweries: Pubs & Rest.	21687.34	2.01	23061.93	2.28	22828.98	2.34
48 Support Services	16800.54	1.55	20155.53	2.28	20892.25	2.15
49 Transport	28520.75	2.68	29170.98	2.79	26887.17	2.78
50 UTILITIES	128615.88	12.00	120734.15	10.20	100896.36	10.40
51 Electricity	28520.75	2.68	29170.98	2.85	26375.98	2.74
52 Gas Distribution	19052.93	1.81	19016.38	0.99	10386.42	1.07
55 Telecommunications	55751.87	5.17	54768.82	5.42	50168.73	5.18
68 Water	16480.92	1.43	14481.39	1.43	13954.75	1.42
90 NON-FINANCIALS	739241.51	73.84	771859.29	76.88	752945.12	77.81
70 FINANCIALS	247068.00	22.81	188520.32	19.88	182698.07	18.97
71 Banks: Retail	165338.49	15.32	119731.81	11.82	110481.36	11.42
72 Insurance	21226.57	1.97	21366.17	2.11	21099.63	2.14
74 Life Assurance	22138.1	2.05	21611.80	2.13	18811.15	2.00
75 Other Financial	17188	1.59	17165.41	1.70	18001.24	1.90
79 Property	20677.21	1.92	18555.03	1.86	17331.11	1.81
90 INVESTMENT TRUSTS	35767.88	3.26	33821.72	3.35	31828.83	3.28
95 FTSE All-Share ex IT	107857.15	100.00	101308.10	100.00	96754.10	100.00
95 FTSE All-Share ex IT	104331.27	96.75	97915.58	96.65	93571.19	96.71
FTSE Flagship	18227.53	1.70	19102.80	1.88	18502.82	1.91
FTSE Flagship ex IT	14681.96	1.37	15433.71	1.51	15246.59	1.56
FTSE AIM	500.78	0.46	562.88	0.55	509.94	0.53

COMPANIES AND FINANCE: INTERNATIONAL

Shamrock to push for spin-offs at Koor

By Judy Dempsey in Jerusalem

Shamrock Holdings, the second biggest shareholder in Israel's Koor Industries, is to push for a spin-off of the company's biggest publicly traded subsidiary. Its proposals could pave the way for the break-up of the holding company.

Mr Stanley Gold, chairman of Koor and president of Shamrock Holdings, which holds more than 30 per cent of Koor, stressed he had not formally proposed anything to the board. However, he said: "We

have suggested it both to Bank Hapoalim [another shareholder] and to the management."

Neither Koor nor Bank Hapoalim, which holds 22.7 per cent of Koor, would comment. But the markets this week reacted to days of rumour that Shamrock's shareholders were anxious to change the structure of Koor. Koor's shares fell 2 per cent in Tel Aviv on Thursday, the last day of trading before the Sabbath.

Mr Gold said he wanted Koor to

spin off its shares in Tadiran, the telecommunications division, and Makhteshim Agan, the chemicals manufacturer.

Tadiran's net income for the first quarter slipped to Shk52.1m (\$14.7m) from Shk62.5m in the same period a year ago, while net income in Makhteshim-Agan rose from Shk11m to Shk44.5m.

Koor's net income fell 4 per cent, from Shk213m in the first quarter of 1996 to Shk205m this time.

Mr Gold's proposals reflect pressure from his own shareholders

and raise questions about the need for holding companies in Israel.

The move by Shamrock will have considerable repercussions. According to Mr Gad Haker, chief analyst at Ilanot-Batucha Investments: "The ramifications are very serious. Stanley Gold wants to unlock Koor's value. The value of the parts is bigger than the sum of the whole."

Mr Benny Gaon, chief executive of Koor, pulled it from the brink of bankruptcy in the early 1990s, restructured it and made it one of

the first Israeli companies with a listing on the New York Stock Exchange. One analyst suggested that the logical outcome of a public listing was the break-up of a holding company which has characterised Israel's corporate structure.

Such changes in Koor would, however, require consent from the state-owned Bank Hapoalim. The government plans to sell up to 69 per cent of the bank and has already put out tenders. It may be reluctant to back Mr Gold until that sale has been completed.

Middelhoff to take the helm at Bertelsmann

By Frederick Stüdemann in Gütersloh

Bertelsmann, the world's third biggest media company, yesterday named Mr Thomas Middelhoff, board member responsible for multi-media activities, as chief executive-designate.

The nomination of 44-year-old Mr Middelhoff is seen as the group's response to the rapid globalisation of its business and its move into new media such as the internet and digital broadcasting.

He will replace Mr Mark Wössner, current chief executive, who in line with company policy will move up to the supervisory board in October next year, when he turns 60.

Mr Wössner said the appointment was one of several managerial changes aimed at transferring power between the generations at the privately held Bertelsmann, which last year had

sales of DM21.5bn (\$12bn) and profits of DM900m.

Mr Wössner said the challenge for Mr Middelhoff would be to oversee the company's transformation into a fully-fledged entertainment and new media concern.

"Ten years ago we did not even know how to spell the word 'television'. Now we are the number one in European free-TV," he said, with reference to CLT-Ufa, the Luxembourg-based broadcasting group of which Bertelsmann holds 40 per cent.

In three years, Bertelsmann expects to make profits of DM100m on sales of DM2bn-DM3bn in areas such as internet services and digital television.

Mr Wössner said his successor was well-placed to manage this transformation. Mr Middelhoff led the group into new media through the acquisition of a stake in America Online, the

online services company.

Mr Middelhoff was also involved in the consolidation of Bertelsmann television interests through the DM1.5bn merger of its Ufa subsidiary with CLT and in negotiations with Kirch Group over digital pay-TV.

Bertelsmann and Kirch Group, its main German competitor, recently settled an 18-month dispute over the development of digital pay-TV in Germany.

Under the agreement, Kirch and CLT-Ufa will concentrate their efforts on Premiere, an analogue pay-TV channel in which both have stakes, while Deutsche Telekom, whose cable network reaches half of Germany's households, will handle distribution and the technology needed to unscramble digital signals.

The three companies will share the start-up costs for digital, estimated to be DM2bn-DM3bn. CLT-Ufa



Thomas Middelhoff: appointed to oversee Bertelsmann's transformation into a fully-fledged new media concern

will also shoulder half of the DM10bn in commitments made to Hollywood studios by Kirch in a series of programming rights deals. Mr Wössner said the "one bitter pill" was that the deal negotiated by Kirch were overly expensive.

Bertelsmann is also seeking to expand in other areas,

and is considering purchases in book publishing in the US, where it already owns Doubleday and Bantam.

Yesterday Bertelsmann denied rumours it was seeking to acquire McGraw-Hill. Industry sources say another takeover target could be Houghton Mifflin, the general trade publisher.

Group quiet on bid for CompuServe

Bertelsmann yesterday refused to comment on reports that it was backing a revived bid with AOL for rival CompuServe, writes Frederick Stüdemann.

However, sources close to the German company have said a bid for CompuServe, number two to AOL, the worldwide market leader, would "make sense".

This is particularly true in Germany. CompuServe, which is owned by H&R Block, the tax accountancy firm, is number two in German online services, with more than 400,000 subscribers. The leader is T-Online, a unit of Deutsche Telekom, with 1.4m subscribers. AOL has 300,000 subscribers in Germany.

Worldwide, CompuServe has more than 3m subscribers, while AOL has over 6m.

Bertelsmann owns a 5 per cent stake in the AOL, part in the US and 50 per cent of the subsidiary AOL Europe.

Recoletos seeks buyer for digital TV stake

By David White in Madrid

Recoletos, the Spanish publishing subsidiary of the UK-based Pearson group, is to pull out of a government-backed digital television project in the middle of a highly political media battle.

The company wants to sell the 5 per cent stake it took in the venture in January,

when the main backers sought new partners to replace the Antena 3 TV channel as a shareholder.

Mr Juan Kindelan, Recoletos chairman, said the decision followed "important differences" with two of the principal shareholders in the venture, the Spanish state broadcasting company RTVE and Televisa of Mexico.

It invested Pta500m (\$3.3m) on its stake in the venture, due to launch Spain's second digital satellite network, Via Digital, in September with a basic package of 35 channels.

Recoletos, which includes the leading Spanish business daily Expansion and the sports newspaper Marca, is 95 per cent controlled by

Pearson, owner of the Financial Times.

The Spanish company was understood to have taken the digital TV shareholding on its own initiative. In addition to Pearson's reservations about the project, Recoletos has become increasingly uncomfortable about the political controversy surrounding the

start-up of digital TV.

The European Commission last week began proceedings against Spain for legislation outlawing the decoders used by the existing digital network, Canal Satélite Digital.

Canal Plus, the French pay television group, said yesterday it would report a net profit of FF33bn (\$508m) from the sale of its stake in

the Premiere channel of Germany, writes Andrew Jack in Paris.

The company yesterday signed an agreement to sell its 37.5 per cent investment in Premiere to KirchGroup. As part of the exchange, Canal Plus will buy Kirch's 45 per cent holding in Telepiu, doubling its stake to 90 per cent.

FT/S&P ACTUARIES WORLD INDICES

The FT/S&P Actuaries World Indices are owned by FTSE International Limited, Goldman, Sachs & Co. and Standard & Poor's. The indices are compiled by FTSE International and Standard & Poor's in conjunction with the Faculty of Actuaries and the Institute of Actuaries. NetWeste Securities Ltd was a co-founder of the indices.

NATIONAL AND REGIONAL MARKETS													— DOLLAR INDEX			
Figures in parentheses show number of lines of stock													— DOLLAR INDEX			
	US	Day's	Pound	Local	Gross	US	Day's	Pound	Local	Gross	US	Day's	Pound	Local	Gross	
	Dollar	Change	Sterling	Yen	Index	Dollar	Change	Sterling	Yen	Index	Dollar	Change	Sterling	Yen	Index	
THURSDAY JULY 3 1997																
Australia (78)	243.87	0.1	214.73	175.05	221.74	215.06	-0.2	3.58	243.60	218.86	176.18	221.76	215.00	243.87	188.44	199.26
Austria (25)	201.25	1.3	177.20	144.45	182.89	182.89	1.2	1.89	198.89	178.52	143.70	180.89	180.78	201.25	174.70	181.92
Belgium (29)	228.37	1.8	228.37	228.37	228.37	228.37	1.5	2.89	255.05	229.16	194.48	232.19	227.31	228.25	206.70	211.72
Brazil (30)	311.50	0.2	274.37	223.68	283.33	817.90	0.3	1.19	310.83	279.26	224.80	282.97	618.14	311.60	170.26	185.44
Canada (127)	215.49	0.9	189.74	154.08	195.94	214.33	0.7	1.70	213.49	191.81	154.40	194.35	212.80	215.49	154.12	161.31
Denmark (32)	380.22	-0.2	343.98	280.10	354.82	353.43	-0.3	1.45	390.98	351.28	282.77	354.94	354.52	380.22	280.10	307.99
Finland (28)	232.06	2.2	257.18	203.54	265.57	819.03	1.8	1.72	285.89	258.08	205.82	280.08	312.92	232.06	185.67	195.06
France (69)	235.93	1.0	207.74	169.35	214.53	218.22	0.9	2.40	233.88	209.05	169.01	212.74	218.26	237.50	189.94	186.73
Germany (59)	221.02	-0.8	194.51	158.64	200.87	200.87	-0.7	1.41	219.20	196.94	158.53	198.55	199.55	221.02	188.70	171.86
Hong Kong (68)	532.12	-1.4	468.53	381.85	483.85	529.01	-1.4	2.96	538.93	484.83	390.28	491.26	536.72	539.63	407.55	431.39
Indonesia (27)	253.09	0.8	222.65	181.67	230.13	377.52	0.6	1.71	231.19	225.68	181.67	228.68	375.15	253.09	183.62	214.59
Ireland (17)	252.48	0.6	219.05	200.08	228.48	233.56	0.6	2.88	263.19	217.32	225.43	231.63	331.44	262.35	270.08	284.23
Italy (69)	57.90	0.1	68.20	70.27	69.02	124.53	0.1	1.98	67.75	67.82	69.09	68.39	124.46	58.82	73.26	81.44
Japan (48)	138.11	0.5	121.81	99.14	125.58	99.14	-0.3	0.79	137.43	123.47	99.39	121.11	99.39	134.14	107.57	154.14
Malaysia (107)	152.36	-0.2	141.64	368.18	468.40	497.98	-0.3	1.39	313.88	461.78	371.73	467.91	489.73	600.85	506.78	558.41
Mexico (27)	143.44	1.5	143.44	118.37	149.32	149.32	0.6	1.31	162.06	148.43	117.46	147.72	149.61	162.06	111.03	123.09
Netherlands (18)	416.20	2.5	388.47	298.75	379.45	373.95	2.5	2.08	405.73	364.33	293.44	368.37	384.90	416.20	279.89	296.66
New Zealand (14)	98.00	1.4	84.53	68.91	87.29	75.21	1.4	3.86	94.72	85.10	68.50	86.23	74.15	98.00	79.04	81.62
Norway (41)	323.37	1.4	284.73	232.11	254.00	320.13	0.9	1.92	318.82	288.44	230.58	250.24	317.18	323.37	245.04	255.95
Philippines (22)	182.81	-0.6	143.18	116.72	147.85	213.98	-0.6	0.89	182.52	142.95	116.29	146.90	215.19	182.81	145.37	215.44
Singapore (43)	386.54	0.2	340.17	271.31	351.29	354.82	0.3	1.20	385.64	345.47	278.50	351.07	354.13	386.54	350.09	411.93
South Africa (44)	361.72	-0.1	316.50	259.64	328.90	357.75	-0.2	2.42	361.92	325.16	261.75	329.48	358.50	370.12	301.49	364.18
Spain (33)	274.06	1.2	241.31	196.72	248.19	306.73	1.2	2.17	270.00	243.30	195.85	246.50	323.31	274.06	175.97	181.63
Sweden (49)	492.65	1.8	433.78	353.82	447.98	563.72	1.4	1.63	484.99	434.09	350.69	437.67	552.15	492.65	385.92	445.93
Switzerland (28)	316.68	0.4	280.80	228.74	289.17	289.54	2.1	1.16	311.34	279.72	225.17	283.44	287.57	316.68	231.69	244.93
Thailand (42)	66.73	4.0	60.32	49.33	62.50	75.89	6.6	4.07	66.11	58.39	47.81	60.18	71.20	172.92	47.55	172.28
United Kingdom (219)	3719.10	3.5	330.87	259.05	290.15	280.97	1.5	3.57	3308.24	278.93	222.93	280.61	276.93	3719.10	229.63	254.73
USA (S&P)	370.81	1.4	326.50	254.76	337.17	370.81	1.4	1.66	365.89	320.70	254.60	333.66	365.95	370.81	254.73	273.62
Americas (828)	339.43	1.3	299.37	243.64	308.64	285.89	1.3	1.65	339.04	301.01	242.31	305.01	282.14	339.43	233.09	245.92
Europe (718)	278.28	2.2	245.01	200.47	255.95	258.89	1.3	2.47	273.33	243.57	197.88	248.83	259.28	278.28	204.71	211.16
Far East (150)	418.11	1.5	368.50	300.40	380.54	416.37	1.1	1.77	412.97	370.40	298.16	375.32	411.83	418.11	291.45	326.03
Pacific Basin (881)	196.70	0.9	137.97	112.48	142.48	113.67	-0.3	1.25	196.29	140.42	113.03	142.78	114.25	197.10	127.18	167.10
Euro-Pacific (158)	207.87	1.3	183.03	149.21	189.01	188.39	0.6	1.94	205.14	184.31	148.27	186.78	187.40	207.87	173.55	185.95
North America (771)	361.20	1.3	318.04	259.27	328.45	360.37	1.3	1.66	366.45	326.25	257.79	324.50	355.67	361.20	248.85	266.81
Europe Ex UK (508)	251.49	1.4	221.45	180.51	229.67	233.98	1.3	1.85	247.94	222.76	172.32	225.72	237.30	251.49	185.65	191.82
Pacific Ex Japan (295)	317.48	-0.5	279.54	227.88	298.68	278.17	-0.6	2.68	318.96	280.59	230.70	239.50	280.57	317.48	230.65	287.40
North America Ex US (182)	211.88	1.3	188.39	151.94	182.48	175.32	0.8	1.62	209.03	187.81	151.18	180.30	174.31	211.88	176.94	186.95
World Ex UK (2258)	256.90	1.1	226.20	184.40	233.60	226.29	0.9	1.80	254.19	228.37	183.83	221.43	224.31	256.90	199.58	211.64
World Ex Japan (1168)	325.92	1.5	286.97	235.94	298.35	315.11	1.2	1.39	321.21	288.69	232.31	292.42	311.44	325.92	235.10	248.51
The World Index (2471)	282.25	1.3	230.92	189.24	238.46	331.45	0.9	1.80	288.87	232.58	187.22	235.67	229.30	282.25	202.32	213.72

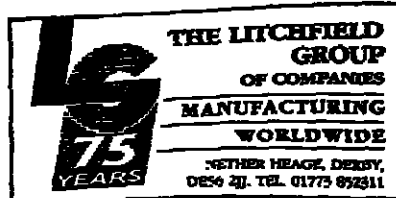
Source: FTSE International Limited, Reuters, Citicorp and Co. Standard & Poor's, 1997. All rights reserved. "FTSPAC America" and "FTSPAC Europe" are trademarks of FTSE International Limited. All other trademarks are the property of their respective owners. The figures are for the period ending 23:00 GMT on Thursday, July 3, 1997. All figures are in US dollars unless otherwise stated.

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HILL SAMUEL OVERSEAS FUND

(in liquidation)
SICAV
Luxembourg, 11, rue Aldringen
R.C. Luxembourg B 8422

NOTICE OF EXTRAORDINARY GENERAL MEETING



COMPANIES **FT** MARKETS



Weekend July 5/July 6 1997

German deal poses a new challenge to Allianz

Mergers to strengthen Munich Re's position

By Andrew Fisher in Frankfurt and Frederick Stüdemann in Berlin

Munich Re, the world's biggest reinsurance company, is poised to strengthen its position in the German insurance market following the merger of two companies in which it has significant stakes.

The deal - which brings together Hamburg-Mannheimer, a Munich Re subsidiary, and Victoria Insurance - reflects broader consolidation in Europe's financial services sector and presents a challenge to Allianz, the country's largest insurance company.

The new company - to be known as Ergo - will have annual sales of about DM21bn (\$12bn) and some 8 per cent of Germany's insurance market.

This is about half the market share of Allianz, which expects worldwide premium income of DM38bn this year, half of it from Germany. The

deal, however, raises the question of how long both Munich Re and Allianz can continue to own 25 per cent stakes in each other.

The federal cartel office, which has to approve the merger, said these cross-holdings would have to be examined. To complicate matters, Allianz also has a stake of 20 per cent in Hamburg-Mannheimer, giving it a 10 per cent stake in Ergo.

Mr Bob Yates, insurance analyst at Fox-Pitt Kelton, the UK stockbrokers, said the deal was of "major significance". It showed Munich Re was now serious about direct insurance and becoming more of a competitor to Allianz and less of an ally.

Shares of Munich Re closed DM382 higher at DM5,285, with Victoria's up by DM110 to DM1,930. Allianz gained DM16 to DM395.50. Germany's Dax index of blue chips ended the day at a new high of 3,946.73

points, with dealers expecting the 4,000 mark to be exceeded soon.

Munich Re owns 80 per cent of Hamburg-Mannheimer, 23.5 per cent of Victoria, and 12 per cent of Victoria's DAS subsidiary, Germany's biggest legal protection insurer.

Munich will own a stake of between 55 per cent and 80 per cent in Ergo. The deal will allow it to diversify its dependence on more volatile reinsurance business, and should increase earnings per share by about DM5 a year.

These rose last year from DM67.60 to DM140, following a sharp improvement in the group's underwriting performance.

Munich Re, which was advised by Morgan Stanley, the US investment bank, has been taking a more selective approach to its reinsurance business.

See Lex

GEC set to focus on US expansion

By Ross Tieman

Britain's General Electric Company is likely to make its US industrial businesses a focus for growth when the company unveils the results of its six-month strategic review on Tuesday.

In a drive to kick-start growth at the industrial group, which has sales of \$10bn (\$16.4bn) a year, GEC is likely to make its successful US operations and the defence subsidiary GEC-Marconi the central planks of its expansion plans.

The review was ordered late last year by Mr George Simpson, GEC's managing director, in response to City concerns at the sluggish growth of the group. Mr Simpson took over from Lord Weinstock, the group's creator, last September.

The review is thought to have concluded that the company should concentrate more of its effort on its wholly-owned businesses. GEC is believed to have held discussions with Alcatel of France over the future of their joint venture in power engineering, GEC Alsthom, and with Siemens of Germany over their telecommunications partnership GPT. It is unclear whether GEC has reached any agreement with either partner over the future of the businesses.

US businesses which could benefit from the expansion plans by investment or substantial acquisitions include the Picker International medical equipment business, Gilbarco petrol pumps, and printing specialist Videojet.

With annual sales in 1996 of \$875m and operating profits of \$32m, Picker International is already the world's fourth largest medical equipment manufacturer. Videojet, a manufacturer of ink-jet printers, made operating profits of \$37m on sales of \$239m, while Gilbarco is twinned with Avery Berkel in Europe to form GEC's Electronic Metrology division, which made operating profits of \$50m during 1996 on sales of \$550m.

In need of a blueprint, Page 7

THE LEX COLUMN

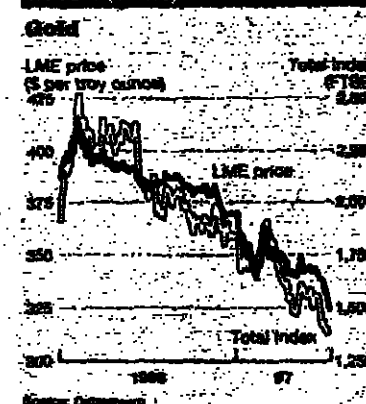
Tarnished gold

The Australian central bank has provided the gold market with the excuse for another bout of self-immolation. It hardly needed it. Sentiment was already shot to pieces following the Bre-X scandal and the Swiss National Bank's decision to sell gold in March. But yesterday was arguably even worse news: the central bank of a leading producer selling fully two-thirds of its reserves, and coming clean that better returns were available elsewhere. Speculators wasted no time driving the gold price below \$325 an ounce, a 12-year low.

South Africa, with its deep mines and limited hedging, is suffering most. But North American and Australian producers are also hurting. Gold shares have fallen heavily in all three markets. The worst is probably yet to come. The huge weight of speculative short positions will continue to drive prices lower - as far as \$280 an ounce in the view of some analysts. The slide will be arrested only when demand re-emerges, either from jewellers who have run down stocks or producers buying back their forward sales.

While gold shares now offer excellent value by most historic measures, most investors will find this appeal easy to resist. For the small minority who are tempted, South African high-cost producers represent the biggest risk but offer highest rewards. The safer choices are low-cost North American and Australian producers with good reserves and decent cash backing.

FTSE Eurotrack 200: 2513.4 (+14.6)



be overcome. Proper due diligence can be a near impossibility. The continent's less developed stock markets make it harder to exit from investments. And restructuring costs are generally far higher.

That said, the purchase price for acquisitions in continental Europe remains lower. The dismantling of vast state holding companies such as Thomson-CSF and Finmeccanica should throw up attractive opportunities for buy-out funds. Moreover, it is hard to see a cyclical downturn around the corner, like the one that saw off Gateway. But there are definite signs of froth in the MBO industry.

Share buy-backs

Under New Labour's tax regime, how should companies distribute cash? For most, share buy-backs are probably the answer. Now that the dividend tax credit paid to pension funds has been abolished, institutional investors have no reason to prefer dividends. And one class of shareholders, high-rate taxpayers, will clearly prefer buy-backs: they have to pay extra tax on dividends but can avoid tax in a buy-back by hanging on to their shares.

Buy-backs have an edge not only when a company wants to gear itself up, an event that should be more common now Labour has made equity even more costly than debt, but also for ordinary annual distributions. Britain could even follow the US, where some companies have abandoned dividends completely in favour of buy-backs. If one side-effect is to change the way actuaries value pension funds - to look at market prices instead of dividends - that will be no bad thing.

Buy-backs, of course, do not help companies which already pay more advance corporation tax on dividends than normal corporation tax. ACT is payable on buy-backs too. Hence the idea being pushed by Reuters that companies should be allowed to buy in shares without incurring ACT. Hence also the notion that companies may launch a flood of foreign income dividends, which do not incur ACT, before they too are abolished in 1999. Even companies without an ACT problem should consider this mechanism because it would allow them to delay their tax payments, though not cut them. There is also the nuclear option, again floated by Reuters, of avoiding ACT forever by shifting domicile elsewhere.

Clever tax advisers will find more wheezes. But the best remedy is surely for the government to abolish ACT completely now the credit attached to it has vanished.

UK utilities

Counter-intuitive but true: Labour has been terrific for the utilities. Step back from this week's share price gyrations and the broad pattern is clear. The value gap, which persisted for so long, reflecting investors' exaggerated fears of political risks, has now largely evaporated. So where, investors must be wondering, can utility shares plausibly go after such a storming performance? After all, some of the stocks, notably in the electricity sector, are beginning to look a little pricey on fundamentals - something previously almost unheard-of.

Of course, even without the broad undervaluation argument there remain some respectable reasons for hanging on to utility shares. Most obviously, they have compelling defensive attractions for those worried about the market or sterling. But rational though it is for investors to hold the stocks for their stability, they need to ensure managements understand that this is what they want. Diversification risk in this sector is far from dead.

Meanwhile, a few intriguing pockets of value remain. One is Energy Group, still trading at an overblown 50p discount to PacificCorp's offer price. Another is BG, one of the few utilities still trading at a substantial discount to its regulatory assets. Value also remains in the water sector, in particular the multi-utilities, Hyder and United Utilities, still look attractively priced.

Japanese building group collapses owing \$4.5bn

By Michio Nakamoto and Giffan Tett in Tokyo

Tokai Kogyo yesterday became Japan's first listed construction company to collapse after its banks refused more loans.

The company's debt level of ¥510bn (\$4.47bn) is the eighth highest among Japanese corporate failures since the end of the war, according to private research organisation Teikoku Data Bank.

Tokai Kogyo has applied to the courts for corporate rehabilitation after it became clear a reconstruction plan it had agreed with its banks could no longer be supported.

The collapse is likely to fuel concern about the financial problems faced by many of Japan's medium-sized construction companies, which are weighed down with bad loans in the aftermath of the collapse of the 1980s property

bubble. It also highlights the bad debt problems at banks, which have extended large loans to property-related companies.

The Japanese government unveiled data showing that the total level of problem loans in the financial sector fell from ¥34,789bn to ¥27,900bn in the 1996 fiscal year.

But though strong banks have almost completed their bad loan write-offs, many smaller regional banks and lending co-operatives remain crippled with bad loans to the corporate sector.

Economists suspect that the total scale of the problem might be even larger than reported, because the losses generated by failures such as Tokai Kogyo are not always listed by the banks as potential bad loans.

One of the key victims of the collapse of Tokai Kogyo, for

example, was its main bank, Hokkaido Tokai Bank (Toku-gin). Tokai, with one of the largest bad loan levels of any major bank, said it had extended about ¥47.4bn to Tokai Kogyo.

The group's combined consolidated debts and loan guarantees of between ¥450bn and ¥480bn at the end of March were three times the value of sales at ¥170bn, said Ms Rie Murayama, industry analyst at Goldman Sachs in Tokyo.

Most Japanese construction companies were not only heavily in debt, they had long been dependent on public works projects for revenues, she added, warning: "I don't think this is the end (of failures in the industry)."

The Japanese government has pledged to cut public spending, and it is unlikely that its expenditure on public projects will increase.

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Markets latest

STOCK MARKET INDICES	
FTSE 100	2513.4 (+14.6)
Yield	3.39
FTSE Eurotrack 100	2518.61 (+24.77)
FTSE All-Share	2260.61 (+0.4%)
Nikkei	19,868.01 (+13.41)
LONDON MONEY	
3-mo bank bill	7% (7.75%)
Libor 3m bill	6.75% (6.75%)
NORTH SEA OIL (Aargus)	
Brent Dated	\$18.04 (+1.16)
Brent Dated	\$18.04 (+1.16)

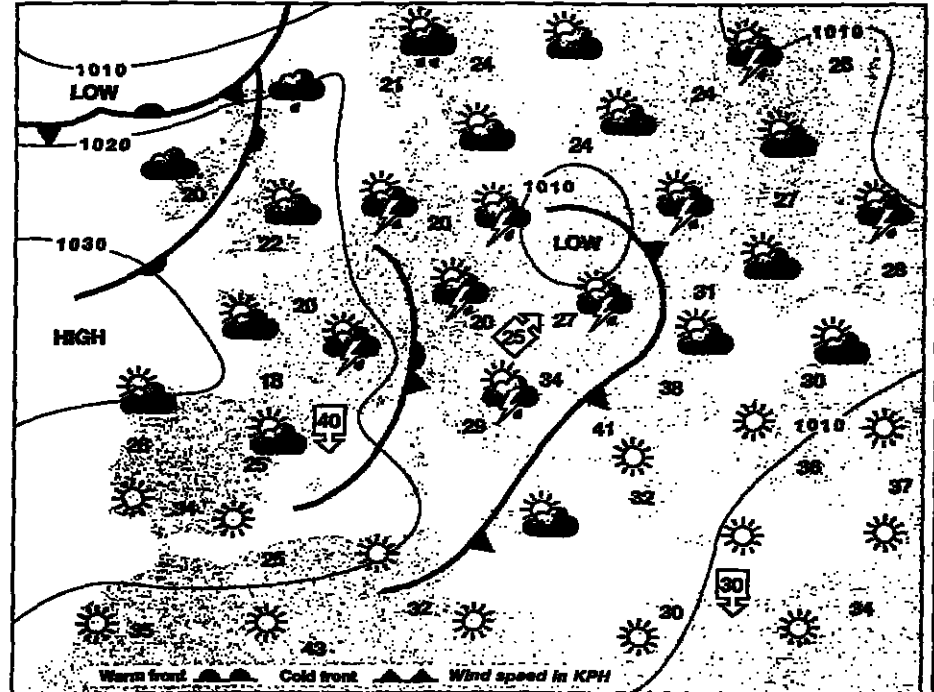
The New York markets were closed yesterday

Europe today

The Mediterranean region will be mainly sunny and warm, but thunder storms will develop in the morning across central Europe and parts of Poland and the Ukraine. There will be a few thunder showers over northern Italy but the south will be dry and sunny. France and the Benelux will have showers, mainly in eastern regions, but the west should stay dry with sunny periods. Southern Scandinavia will be mainly dry with just a few showers.

Five-day forecast

The Iberian peninsula and much of France will have more sun and warmer air. Much of eastern Europe will have thunder showers. Southern Scandinavia and UK will become more settled with long dry periods and higher temperatures.



TODAY'S TEMPERATURES

Location	Temp	Location	Temp	Location	Temp	Location	Temp
Abu Dhabi	sun 41	Beijing	fair 21	Caracas	thund 31	Faro	sun 28
Accra	fair 28	Bombay	fair 28	Cairo	thund 21	Frankfurt	thund 20
Algiers	fair 27	Buenos Aires	fair 27	Cardiff	fair 21	Geneva	thund 18
Amsterdam	fair 20	Bogota	thund 18	Casablanca	fair 21	Glasgow	drizzle 19
Athens	sun 35	Bombay	thund 31	Chicago	show 19	Hamburg	show 21
Alexandria	sun 33	Buenos Aires	fair 27	Dakar	fair 30	Helsinki	fair 25
B. Aires	cloudy 15	Budapest	thund 27	Dallas	fair 32	Hong Kong	thund 27
Bangkok	thund 35	Chengdu	cloudy 21	Dubai	sun 41	Hong Kong	thund 27
Barcelona	thund 22	Cairo	fair 31	Dublin	cloudy 21	Islamabad	fair 31
		Cape Town	fair 15	Edinburgh	cloudy 19	Jakarta	show 22
						Jersey	fair 18
						Karachi	thund 28
						Kuala Lumpur	thund 28
						London	thund 21
						Luxembourg	thund 18
						Lyons	show 21
						Madrid	fair 22
						Manchester	thund 18
						Maracaibo	thund 28
						Melbourne	thund 21
						Mexico City	thund 25
						Miami	thund 27
						Montreal	thund 21
						Moscow	thund 22
						Nairobi	thund 28
						Naples	thund 28
						Nassau	thund 28
						New York	thund 28
						Nice	thund 27
						Nicosia	thund 28
						Oso	cloudy 21
						Paris	cloudy 21
						Perth	show 18
						Prague	thund 20
						Rangoon	thund 31
						Reykjavik	rain 12
						Rio	show 29
						S. Francisco	thund 29
						S. Paulo	thund 22
						Seoul	rain 29
						Singapore	thund 31
						Stockholm	thund 19
						Strasbourg	thund 19
						Taipei	thund 24
						Tel Aviv	sun 31
						Tokyo	fair 31
						Toronto	sun 21
						Vancouver	rain 21
						Warsaw	thund 24
						Wellington	thund 23
						Winnipeg	thund 23
						Zurich	thund 18



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